

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 May 2015

BY: Depute Chief Executive – Resources and People Services

SUBJECT: Internal Audit Report – Mandatory and Discretionary
Financial Assistance

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Mandatory and Discretionary Financial Assistance.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

- 3.1 A review of Mandatory and Discretionary Financial Assistance was undertaken as part of the audit plan for 2014/15.
- 3.2 The main objective of the audit was to ensure that the internal controls in place for Mandatory and Discretionary Financial Assistance were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
6.2 Personnel - None
6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 None

AUTHOR'S NAME	Mala Garden
DESIGNATION	Internal Audit Manager
CONTACT INFO	01620 827326
DATE	7 May 2015

**EAST LoTHIAN COUNCIL – INTERNAL AUDIT
MANDATORY AND DISCRETIONARY FINANCIAL ASSISTANCE**

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2014/15 a review was undertaken of Mandatory and Discretionary Financial Assistance. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- The Council has a statutory duty to provide advice and assistance to owner occupiers and private tenants. A Scheme of Assistance is in place to enable the Council to meet its statutory duties – the Scheme sets out the role of Care and Repair East Lothian in assisting the Council in fulfilling its duties.
- Adequate documentation is held to support all grant awards made.
- A grant award letter is sent to the applicant clearly outlining the approved expense, % grant award and the actual grant to be paid.
- All grant payments are properly authorised by a designated Council officer and correctly coded in the Council's general ledger.
- A consistent approach is adopted for assessing applicants' eligibility for discretionary grant awards.

1.3 Areas with Scope for Improvement

- Information on the Council's website on Mandatory and Discretionary Financial Assistance requires review – the summary guide to the Council's Scheme of Assistance was out of date and did not reflect the Council's current policy. *Risk – information provided may be inaccurate and incomplete.*
- No formal Service Level Agreement is in place between East Lothian Council and Care and Repair East Lothian. *Risk – failure to clearly outline the respective responsibilities of each party.*
- The 2013/14 annual budget and Council policy on Mandatory and Discretionary Financial Assistance was reported to and approved by Cabinet, however no similar reports have been prepared for subsequent years. *Risk – failure to adopt a consistent approach.*
- The awarding of work to contractors by Care and Repair is not consistent with the procurement requirements of the Council, however procurement procedures form part of ongoing discussions between Care and Repair East Lothian and the Council as part of the Care and Repair East Lothian Local Advisory Committee. *Risk – best value may not be achieved.*

1.4 Summary

Our review of Mandatory and Discretionary Financial Assistance identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

**Mala Garden
Internal Audit Manager**

May 2015

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
MANDATORY AND DISCRETIONARY FINANCIAL ASSISTANCE**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	Management should ensure that the summary guidance on the Council's Scheme of Assistance, available on the Council's website, is updated to reflect current Council policy.	Medium	Housing Access Manager	Agreed – work underway as part of Community Housing Services website review.		October 2015
3.3.1	Management should ensure that a consistent approach is adopted to the reporting of the annual budget and Council policy on Mandatory and Discretionary Financial Assistance.	Medium	Housing Access Manager	Agreed		October 2015
3.7.1	Management should ensure that a Notice of Payment of Grant is held on file for all grants awarded to evidence that the Council has complied with legislation.	Medium	Housing Access Manager	Agreed		June 2015

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.9.1	Management should ensure that a formal Service Level Agreement is in place for the services provided by Care and Repair East Lothian.	Medium	Housing Access Manager	Agreed – discussions underway within steering group on need to establish a more effective funding regime either by contract or SLA.		October 2015
3.10.1	<p>Management should ensure that a consistent approach is adopted for the reporting and approval of housing service external grant awards.</p> <p>Management should implement the actions outlined in the Housing Service External Grant Awards 2013/14 report to Cabinet and a decision should be taken whether to competitively procure the Care and Repair service.</p>	Medium	Housing Access Manager	<p>Agreed</p> <p>Agreed</p>		<p>October 2015</p> <p>April 2016</p>
3.11.1	Management should ensure that the existing procurement procedures for the awarding of work to contractors by the Care and Repair service are consistent with the standards expected by the Council.	Medium	Housing Access Manager	Agreed		October 2015

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.