

Completed 2021/22 Internal Audit Activity during the period January 2022 to mid-March 2022

Summary of Satisfactory/Acceptable Assurance Opinions on Control

Service Area: Communities

Audit Activity: Tenant Engagement

Background

Stroud District Council lets approximately 5,000 residential properties to around 6,000 tenants and leaseholders across the Stroud District. Housing Services lead on tenant engagement activities, with support provided by colleagues in other service areas where required (for example, in facilitating scrutiny activities).

The outbreak of the Covid-19 pandemic in early 2020 deprioritised tenant engagement activity, with staff resources redeployed to support core service delivery and other key projects. A gradual normalisation of tenant engagement activities is expected in 2022.

ARA note the hard work of the Officers in balancing the delivery of multiple complex projects alongside the recruitment of the new Tenants' Voice Representatives (April 2021). The pressures upon service delivery across Housing Services over the past two years have been high.

Scope

As part of the agreed 2021/22 Internal Audit Plan, ARA have reviewed the arrangements in place regarding tenant engagement, involvement, and empowerment. This Internal Audit involved reviewing the Council's compliance with the Tenant Involvement and Empowerment Standard, one of the Consumer Standards regulated by the Regulator of Social Housing.

Assurance Opinion – Acceptable (equivalent to the Satisfactory assurance opinion)

Key Findings

The main findings from this audit are highlighted below:

- i. The lack of a dedicated staff resource places pressure upon the Council's ability to deliver consistent tenant engagement and involvement activities;
- ii. The current approach to tenant engagement is 'big-tent', to get more tenants involved. A more refined and tailored approach will be required in future;
- iii. Tenant scrutiny activities were not undertaken during the sample period, having ceased following the outbreak of the Covid-19 pandemic;

- iv. The approach to formal communications is ad-hoc, with Annual Reports and the Keynotes Newsletter not being published since 2019. This impacts tenants' understanding of the Council's operations (transparency) and their awareness of the positive work being achieved across Housing Services and Contract Services (and by the Council more widely); and
- v. The Survey of Tenants and Residents (STAR) has not yet been scheduled, with procurement yet to take place (for the independent provider).

Conclusion

Following inspection of relevant documentation and the evaluation and sample testing of the systems and processes in place, ARA concludes that, overall, the existing procedures and controls provide an Acceptable Assurance level in meeting the service area's control objectives.

ARA have identified areas where improvements can be made to enhance the existing control environment. Three Medium and nine Low priority recommendations have been raised. These focus upon human resource, information gathering, information sharing, training, lessons learned, and performance metrics and monitoring. Once implemented this should ensure going forward that the arrangements for tenant engagement better support delivery of the Tenant Engagement Strategy.

Management Actions

Management have responded positively to the ARA recommendations made, with target dates set for delivery of the agreed actions from May to October 2022.

Service Area: Place

Audit Activity: Private Sector Empty Homes – Limited Assurance Follow-Up

Background

There are 54,998 dwellings within the Stroud District. As of October 2021, there were 166 dwellings classed as being empty for more than two years (long-term empty). This figure relates to the number of dwellings subject to an "Empty Property Council Tax Premium" and is based on the assigned Council Tax Code (CTC). As of October 2021, there were also a further 500 dwellings classed as second homes. There is no "Premium" applied to second homes, which are simply charged the normal rate.

The Empty Property Council Tax Premium is: 100% from 1st April 2020 for those properties which have been empty for more than two years; 200% from 1st April 2020 for those properties which have been empty for more than five years; and 300% from 1st April 2021 for those properties which have been empty for more than 10 years. The "Premium" is over and above the standard Council Tax (CT) rate – for example, a resident with a normal CT rate of £1,400 subject to a 100% premium will receive a bill of £2,800.

To provide some local context, the tables below have been prepared to show the relevant figures for Stroud District Council and six nearby councils. A “Trend” is included for information only and is based on Auditor judgement. For the purposes of this audit, a decrease in the number of “second homes” is considered to be positive. The source data are the “Council Taxbase Statistics” returns from 2019 to 2021, available at GOV.UK. All abbreviations (for councils) can be found below.

Council	Abbreviation
Stroud District Council	SDC
Cheltenham Borough Council	CBC
Tewkesbury Borough Council	TBC
Forest of Dean District Council	FDDC
Gloucester City Council	GCiC
Cotswold District Council	CDC
West Oxfordshire District Council	WODC

Council	Total Number of Dwellings	Empty Dwellings (> 2 Years) 2019	Empty Dwellings (> 2 Years) 2020	Empty Dwellings (> 2 Years) 2021	Trend (±10%)
SDC	54,998	187	195	166	↓
CBC	56,958	108	147	220	↑
TBC	43,045	77	103	88	↑
FDDC	39,308	0	80	88	↑
GCiC	58,539	160	153	120	↓
CDC	44,925	48	53	40	↓
WODC	51,294	50	60	39	↓

Council	Total Number of Dwellings	Second Homes 2019	Second Homes 2020	Second Homes 2021	Trend (±5%)
SDC	54,998	520	538	500	→
CBC	56,958	942	943	876	↓
TBC	43,045	223	234	221	→
FDDC	39,308	313	311	285	↓
GCiC	58,539	176	464	224	↑
CDC	44,925	1,714	1,739	1,670	→
WODC	51,294	981	995	986	→

The figures for empty properties should be qualified with any relevant caveats or limitations. The source data used is important, with the Council Tax base figures used above having their own limitations (with regards to the picture that they paint). For example, the figure of 166 long-term empty dwellings in the Stroud District (2021) includes only those properties assigned one of a specific set of CTC(s). This figure also includes the 52 SDC-owned dwellings (from SDC’s social housing stock) which were empty for more than two years as at October 2021. The figures for other councils can be assumed to include any empty council-owned housing stock, though only Cheltenham Borough Council from the list above retains a sizeable stock as of January 2022. The figure of 166 empty dwellings is therefore reliable, but not precise.

Additionally, there are some long-term empty dwellings which would not be captured within this figure due to having a different CTC (or a CTC exempt from the application of a Council Tax Premium). There is also some in-year movement in CTCs and the CT classification of dwellings. The number of empty dwellings as at April 2021, six months prior to the October 2021 Council Taxbase return, was estimated by the former Private Sector Housing Officer (PSHO) to lie between 207 and 285. This is still likely to be a slight underestimate as owners may not report their dwelling as empty, meaning that some empty dwellings are charged the normal CT rate. A snapshot using internal data is shown below, produced from interim figures (April 2021) provided to the former PSHO by the Revenue and Benefits Manager. This includes all CTCs and is based on “Date Empty”.

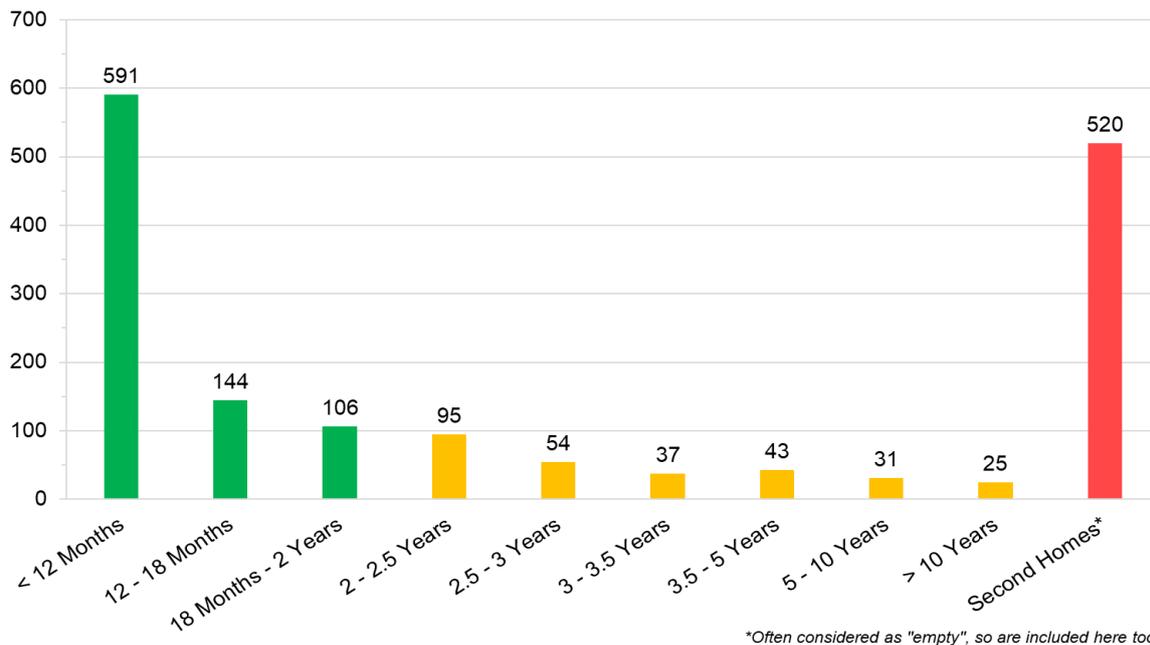
Since April 2020, SDC has imposed “Empty Property Council Tax Premiums” on dwellings empty for more than two years. This is achieved via the assignment of an appropriate CTC to an empty dwelling at the two-year empty mark. This now forms an important part of SDC’s approach to reducing the number of empty dwellings.

The Private Sector Housing Renewal Policy 2018-2023 forms the basis for the SDC’s wider “Empty Homes Strategy” and the Housing Renewal Team’s activities in this area. SDC provides support to the owners of empty dwellings in a number of ways, ranging from free guidance through to a loan of up to £15,000 for renovation works. This is a “proactive” outreach service, with a part-time PSHO dedicated to its delivery.

SDC’s council-wide performance in returning empty dwellings into use can be estimated (to an extent) by comparing Council Taxbase data from year to year and via the New Homes Bonus return. However, it is more challenging to determine the extent to which the work of the PSHO contributes to this (using the methods set out within the Private Sector Housing Renewal Policy 2018-23). The draft Empty Homes Strategy provided to Internal Audit stated that, for the year preceding November 2020, there were 100 dwellings returned to use in the Stroud District. The former PSHO estimated that around 25 of these dwellings were returned to use specifically due to the work of the wider Housing Renewal Team within Environmental Health.

Empty Dwellings - Stroud District - April 2021 Snapshot

Source Data - Revenue & Benefits CTAX Export (Internal)



Scope

Internal Audit is required to undertake a formal follow-up audit in the subsequent year to the provision of a Limited Assurance opinion. The purpose is to assess the progress made towards implementing the agreed recommendations.

The previous review raised one High Priority and two Medium Priority recommendations. These were:

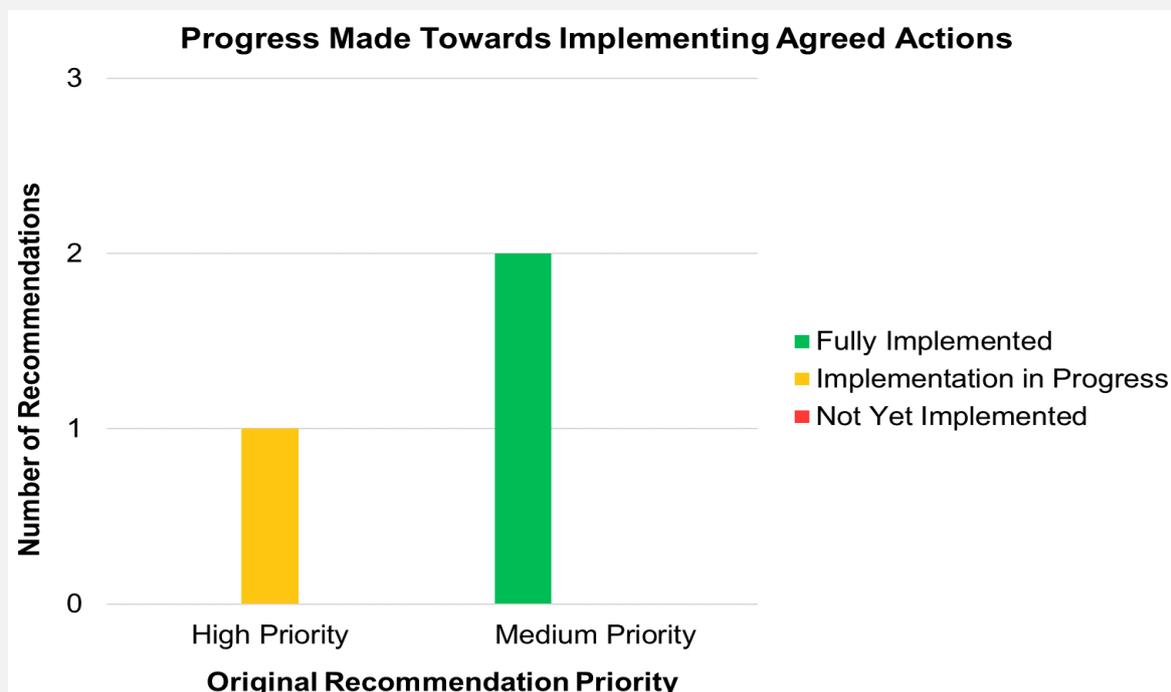
- i. Recommendation 1 (High Priority) – ‘To ensure that owners of empty properties are supported to bring their properties back into use, it is imperative that owners receive letters and factsheets every six months, in line with Council policy and procedures.’
- ii. Recommendation 2 (Medium Priority) – ‘The Empty Property Procedure is reviewed and refreshed as appropriate with regard to when properties should be entered onto the Uniform (case management) system. Any change in procedure must support the need for corporate priorities to be met, and the consideration of enforcement actions are transparent and support offered is fully documented.’
- iii. Recommendation 3 (Medium Priority) – ‘Update the Uniform system to ensure that it evidences correspondence and support given to owners of empty properties that would meet the requirements of the Housing Act 2004 for Empty Dwelling Management Order (EDMO) and Compulsory Purchase Order (CPO) enforcement actions. This must be in line with the revised Empty Property Procedure (as documented in Recommendation 2).’

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

The status of the above recommendations (as of January 2022) is shown below.



Recommendations 2 and 3 have been implemented as agreed. Recommendation 1, which required that the post of PSHO be filled, is shown as 'Implementation in Progress'. This is due to the post now being vacant, having been previously successfully filled. Recruitment is planned to commence between February and May 2022, but this may be delayed due to changes being considered for the structure of the role. A revised version of the original recommendation has been raised and agreed.

As shown in the table(s) above, SDC is not an outlier versus nearby councils, with a relatively low number of long-term empty dwellings. This supports a change in priority for this new recommendation. Additionally, the new "Empty Property Council Tax Premium" will ensure that wider objectives are pursued, even in the absence of a PSHO.

A new Empty Homes Strategy is currently being drafted, which will refresh the approach for the coming years. This has been reviewed by Internal Audit, with some suggestions provided in the following areas:

- i. The opportunities for deeper joint-working with Revenue and Benefits with regards to data-sharing, enforcement action, and verification visits ("second homes");
- ii. The development of an Empty Homes Database, with dwellings scored and the depth of action clearly outlined and planned (outreach and enforcement); and
- iii. The support available for the owners of empty dwellings (currently a £1,000 to £15,000 loan).

Two new Medium Priority recommendations were raised as part of this follow-up audit, which will help to ensure that the PSHO's work will deliver maximum, measurable benefit to the Empty Homes Strategy.

Internal Audit notes that EDMOs are no longer considered to be an effective means of bringing empty dwellings back into use, with the costs outweighing any benefits. CPOs and "Enforced Sales" are less flawed "final" options to bring empty dwellings back into use. The former PSHO has had some success in using lower-level enforcement action to address complaints regarding empty dwellings.

Conclusion

The service area has made satisfactory progress towards implementing the original Internal Audit recommendations raised.

The overall assurance level is now Satisfactory Assurance. This should be considered in light of planned recruitment and changes to the overall Empty Homes Strategy.

A summary of the number of recommendations raised across the ARA reviews is included below.

Audit Review	Number of Recommendations	
	High Priority	Medium Priority
PSEH (Original) – April 2022	1	2
PSEH Follow-Up – January 2022	0	3

Management Actions

The Housing Renewal Manager has responded positively to the recommendations raised, which will support the upcoming refresh of SDC's Empty Homes Strategy. The options for delivering this proactive service are currently under consideration and remain an important area of focus for the Housing Renewal Team.

Summary of Consulting Activity, Grant Certification or Review and Support Delivered where no Opinions are provided

Service Area: Resources

Audit Activity: Grants Payments – Post Payment Assurance

Background

As a result of the Covid-19 pandemic, the UK Government has implemented local and national restrictions on movement, commerce, and public activity throughout 2020 and 2021. To support businesses during periods of local (“Tiers”) and national restrictions, a package of financial aid was provided in the form of various grants. These grants were administered by the relevant council. There is no grant certification (by Internal Audit) required for any part of this package of business aid. Between October 2020 and March 2021, both local and national restrictions were imposed across England at various points. The grants that were provided to businesses during this period are summarised within the “Scope” section below.

Scope

Internal Audit has provided support to the Council to assist in ensuring that grant payments were made to eligible businesses. This work was based upon the relevant UK Government grant administration guidance and criteria.

The Revenue and Benefits Manager selected the grants that Internal Audit were to review, which are listed in the table below. A 10% sample (of businesses who received grant monies) was then selected by the Auditor for further review, to provide the assurance required over grant administration. In some cases, slightly more than 10% of businesses were sampled.

The period under review was October 2020 to March 2021.

The table below shows the Covid-19 business grants that were within the scope of this review. The total amount disbursed and the number of (unique) recipients are also shown. The latter should be taken as an approximate figure, intended to highlight the number of individual businesses which benefitted from grant support (this may not align completely with reporting by Revenue and Benefits, where the focus may be on the number of individual payments or rateable properties).

Grant Name	Abbrev.	Total Amount Disbursed	Number of Unique Recipients
Local Restrictions Support Grant (Closed Addendum)	LRSGA	£5,234,745.73	786
Closed Business Lockdown Payment	CBLP	£3,596,000.00	745
Local Restrictions Support Grant (Closed)	LRSGC	£99,016.88	181
Local Restrictions Support Grant (Sector)	LRSGS	£2,357.14	1
Christmas Support Payment	CSP	£57,000	58

Internal Audit was requested to highlight to the Revenue and Benefits Manager any individual payments or grant recipients requiring further attention.

The Revenue and Benefits Manager would then complete a review and determine the legitimacy of the grant payment. Internal Audit has had no role beyond identifying cases where further attention would be recommended.

A number of grants were placed outside the scope of this particular exercise by the Revenue and Benefits Manager. This was due to officers within the service completing similar checks during our fieldwork period. This only excluded them on this particular occasion, and Internal Audit may review these at a future date if requested to do so.

The table below shows the Covid-19 business grants that were placed outside the scope of this review. The total amount disbursed and the number of (unique) recipients are also shown. The latter should be taken as an approximate figure, intended to highlight the number of individual businesses which benefitted from grant support.

Grant Name	Abbrev.	Total Amount Disbursed	Number of Unique Recipients
Restart Grant (“Retail” and “Hospitality and Leisure”)	RG	£4,955,392.00	636
Additional Restrictions Grant (Various - Dec 2020 to Mar 2021)	LRSGD	£3,241,562.29	1028
Local Restrictions Support Grant (Open)	LRSGO	£573,516.05	521

Key Findings

The results from review of the sampled grant claims and recipients were either categorised as “Major Query”, “Minor Query”, or “No Query”. The meanings of these terms are summarised in the table below. It should be noted that, even if a Major Query has been raised as part of this work, this does not guarantee that an issue will be present following further investigation.

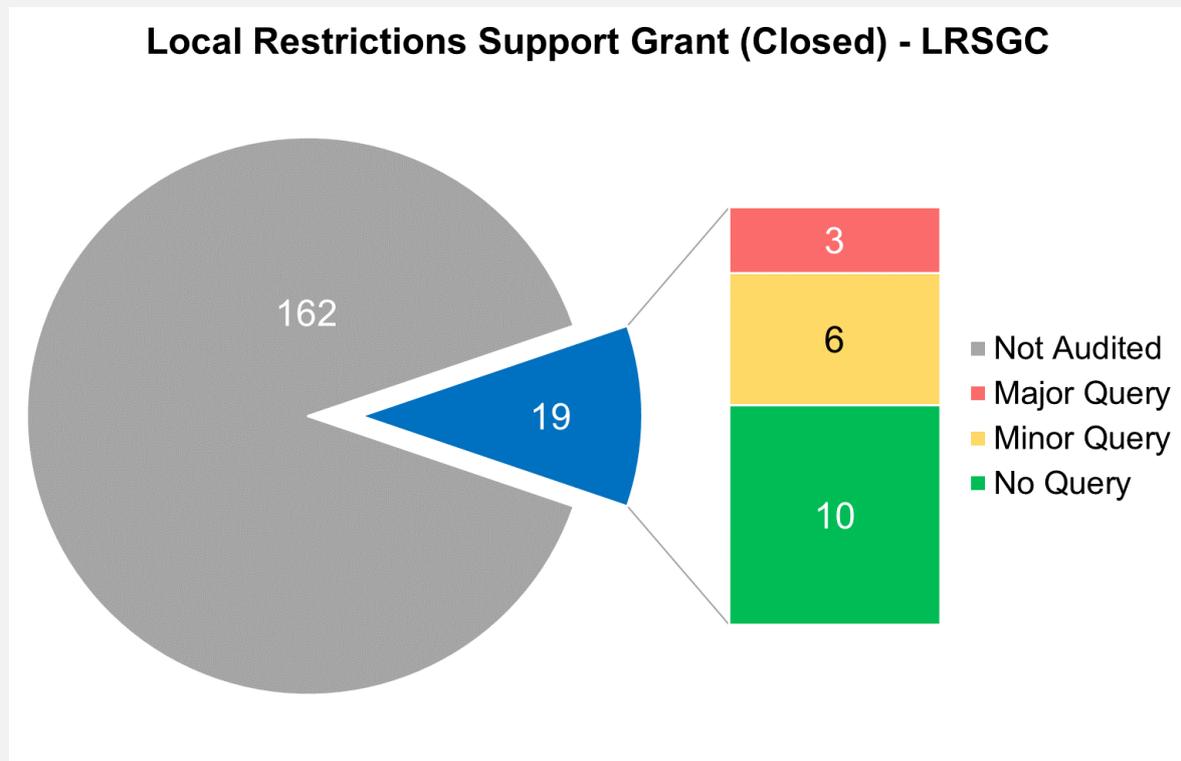
Categorisation	Meaning
Major Query	There were concerns over the grant recipient’s eligibility for the grant monies, based on the relevant UK Government guidance in place. For example, they were not mandated to close, or were overpaid.
Minor Query	There were no substantial concerns over the grant recipient’s eligibility for grant monies, but aspects of the application required further clarification. For example, the trading status of the company was unclear based on social media activity and required a site visit.
No Query	There were no issues found with regards to the grant recipient’s eligibility for monies when tested against the relevant UK Government guidance.

The results for the grants under review are summarised via the three diagrams below (for LRSGC, LRSGA, and CBLP). The value (in terms of grant monies paid out) of those categorised as “Major Query” is detailed above each figure.

The analogous diagrams for LRSGS and CSP have not been produced. Only one business received the LRSGS grant, with a Minor Query raised. In total, 58 businesses received the £1,000 CSP, but Internal Audit has reviewed 14 of those within either the LRSGC, LRSGA, or CBLP samples. Therefore, no further work was completed. Additionally, the CSP was provided based simply on the classification of the rateable property (hereditament) as a Public House, so no application form was completed.

LRSGC

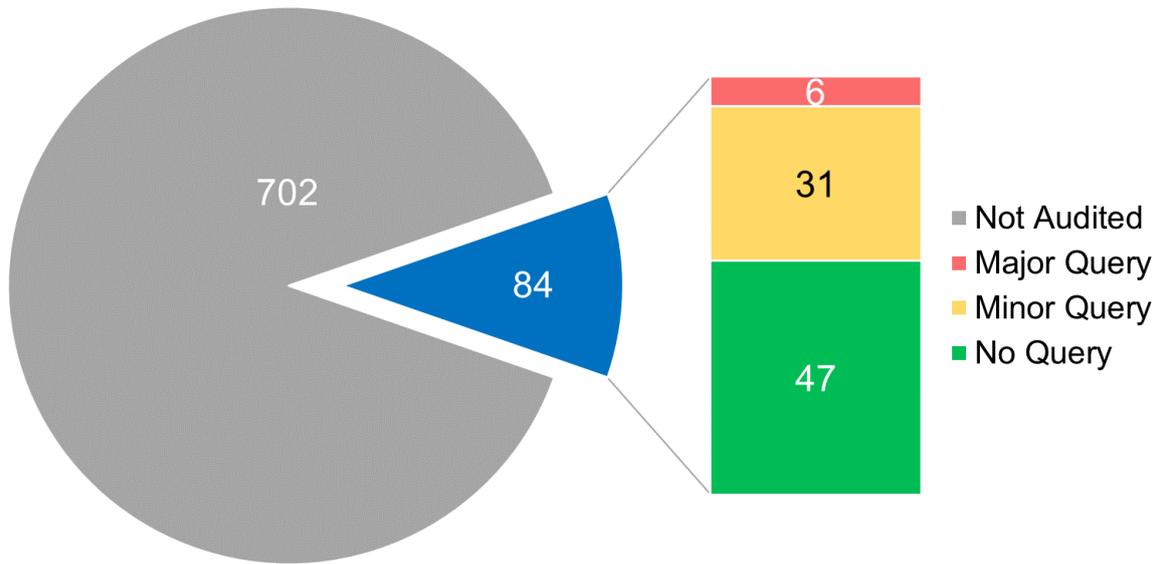
There were 181 unique recipients of LRSGC grant funding, from which a sample of 19 were chosen (a 10.5% sample). The total amount disbursed via the LRSGC was £99,016.88. The value of the sample was £14,909.69 (a 15% sample). The total value of those flagged with a “Major Query” was £2,096.27.



LRSGA

There were 786 unique recipients of LRSGA grant funding, from which a sample of 84 were chosen (a 10.7% sample). The total amount disbursed via the LRSGA was £5,234,745.73. The value of the sample was £522,837.60 (a 10% sample). The total value of those flagged with a “Major Query” was £35,512.19 (£8,500.14 + £4,335.21 + 4x £5,669.21).

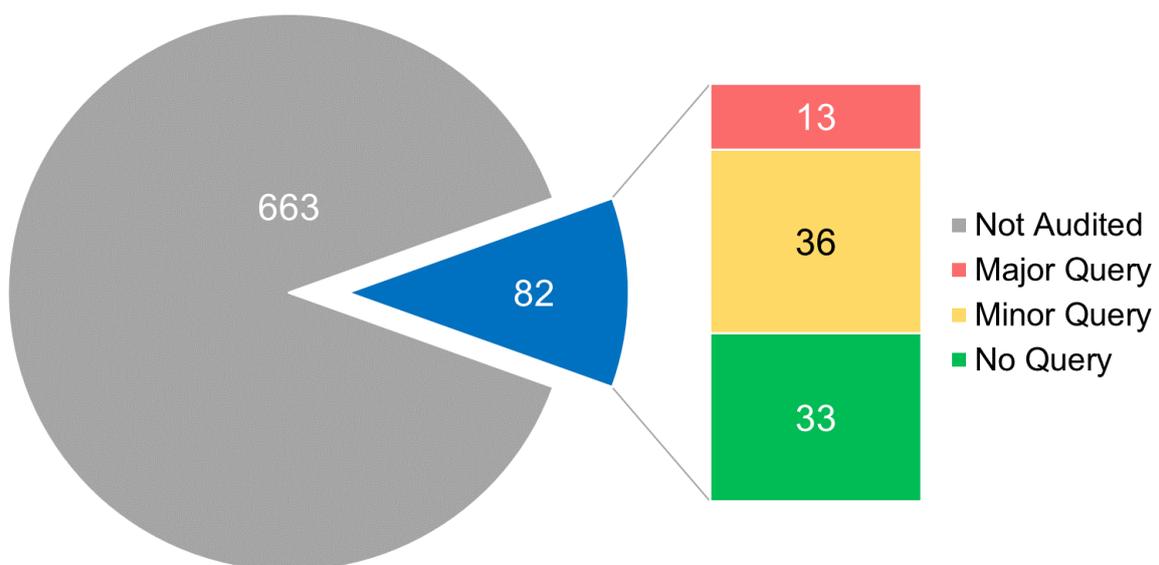
Local Restrictions Support Grant (Closed Addendum) - LRSGA



CBLP

There were 745 unique recipients of CBLP grant funding, from which a sample of 82 were chosen (an 11% sample). The total amount disbursed via the CBLP was £3,596,000.00. The value of the sample chosen was £381,000 (a 10.6% sample). The total value of those flagged with a “Major Query” was £56,000 (2x £6,000 + 11x £4,000).

Closed Business Lockdown Payment - CBLP



As indicated above, a “Minor Query” being raised did not constitute a substantial concern over grant administration. The table below shows the percentage (%) of claims in the ARA sample from each grant type categorised as either “No Query” or “Minor Query”.

Grant Name	% “No Query” or “Minor Query”
LRSGA	93%
CBLP	84%
LRSGC	84%
LRSGS	100%

Conclusion

The roll-over of some applicant information from grant to grant was a factor in a number of cases referred back with a “Minor Query” (where there was often some information missing or an inconsistency noted). However, this approach was vital to ensuring that funds were disbursed in a timely manner. As highlighted in the table above, the majority of claims sampled were categorised as either “No Query” or “Minor Query”.

Management Actions

The Revenue and Benefits Manager will review those payments or businesses highlighted by Internal Audit’s testing. Any further action is at his discretion. In some cases, it is accepted that it may not be worthwhile or cost-effective to pursue any further action (for example, the recovery of monies).

An update will be provided by the Revenue and Benefits Manager to the Audit and Standards Committee alongside this report on the outcome of these referrals.

Service Area: Place

Audit Activity: Planning Enforcement - Consultancy

Background

The Development Management service is seeking to introduce the Enterprise IT software for Planning Enforcement. This is to facilitate effective performance management, in support of an updated policy and procedure due to be introduced in 2022.

Included in the Development Management improvement plan is the aspiration to utilise the Enterprise IT software to aid the Enforcement process. A project plan for the set-up, design and testing of the software has been developed.

Scope

The objective of this consultancy review was to:

- i. Review project progress made by the Team Leader, Planning Support; and

- ii. Consider the planning enforcement process currently in place and provide consultancy input where test system procedures, controls and reports need to be amended, with the objective of improving the case management of enforcement complaints received.

Key Findings

- i. The Team Leader, Planning Support explained that the Enterprise IT test system configuration of Uniform data has contributed to the time delay in setting up the framework for the Planning Enforcement process.
- ii. The improvement plan scheduled testing of case data in December 2021 has therefore slipped and is likely to commence in April 2022.
- iii. The Enforcement process (thirteen activities from initiation to completion) have been materially set up in the test system, and only require minor amendments before a detailed review of case data is undertaken.
- iv. The minor amendments required included the need to create date driven alert reports within the system, to ensure that communication with complainants and other stakeholders takes place at key points. For example, a complainant is informed of investigation progress into an urgent complaint within 15 working days.
- v. Supporting procedure notes to operate and document the Enforcement process are currently being created and reviewed by the Development Management Team Leader.
- vi. Letter template formats for communication with the complainant and other relevant stakeholders will be updated and completed by the Development Management Team Leader by April 2022.

Conclusion

The Team Leader, Planning Support has successfully actioned the Enforcement process activities which needed improvement within the test system IT parameters.

The next phases for testing and full implementation of the Enterprise software will take place in late spring of 2022.

Additional consultancy time has been included within the 2022/23 Internal Audit Plan to review progress made on; i) Procedure documentation; ii) Test system monitoring of live complaints; and iii) The format and reporting of daily, weekly, and monthly Enterprise alert reports to Enforcement staff.

Service Area: Place

Audit Activity: Sustainable Warmth Grant - Consultancy

Background

Stroud District Council were successful in obtaining further grant funding to support improvements in home energy efficiency across Gloucestershire and South Gloucestershire. The target properties are those with an Energy Performance Certificate rating of E-G (30% of the total can have a rating of D).

The award of £5,247,985 will support the delivery of a wide range of improvement measures including: External Wall Insulation; Underfloor Insulation; Air-Source Heat Pumps; and High-Retention Storage Heaters.

The Sustainable Warmth name is a wrapper for two different grants, shown in the table below.

Grant Name	Acronym	Amount	Delivery
Home Upgrade Grant Phase 1	HUGS	£4,217,985	March 2022 to March 2023
Local Authority Delivery Scheme Phase 3 (Sustainable Warmth)	LADS 3	£1,030,000	March 2022 to March 2023

These are distinct grants. LADS 3 is for 'on-gas' and HUGs is 'off-gas' (for heating purposes).

The Council are not targeting park homes with this funding, having already supported a significant amount of work in this area via the Green Homes Grant Local Authority Delivery Scheme (GHG LADS) Phase 1a and 1b funding (>£2m).

The Sustainable Warmth funding will be targeted at both owner-occupied properties and those in the private rental sector. The delivery of this project will progress via the Warm and Well scheme and be managed by Severn Wye Energy Agency (SWEA), who have been successful in delivering the GHG LADS on the Council's behalf.

Scope

The Housing Renewal Manager requested Internal Audit's input on the plan for the delivery of Sustainable Warmth grant-funded works. This was consultancy work, intended to ensure that key controls were built-into the project at the earliest possible stage. The advice provided was not binding on SWEA, but Internal Audit's input has been welcomed by all involved.

Key Findings

Advice was offered in the areas listed below and was linked to the key terms of the Sustainable Warmth grant (within the Memorandum of Understanding). A short, written summary of matters discussed during the meeting was provided to SWEA's Head of Service Quality and the Project Manager shortly after.

Areas covered:

- i. Standard Areas for Review by Internal Audit – ‘Systems and Processes’, ‘Adequate Record-Keeping’, and ‘Money Spent for Eligible Reasons’;
- ii. Additional Areas for Review by Internal Audit – ‘Governance, Monitoring, and Reporting’, ‘Risk Management’, ‘Contractual Expectations’, ‘Procurement and Value-For-Money’, and ‘Meeting Objectives’; and
- iii. Further Preparation Required – ‘Paper-Trail for Eligibility’, ‘Application Streams’, and ‘Data Collection / Retention’.

Conclusion

HUGS and LADS 3 will each require review and certification by Internal Audit in the future (by the 28th of April 2023).

The consultancy advice provided does not preclude Internal Audit from performing the required certification fieldwork. ARA will ensure independence and objectivity through appropriate resource allocations. The Auditor who will be assigned to grant certification will not be the same individual who provided the consultancy support.

Service Area: Resources

Audit Activity: Test and Trace Support Scheme – Main Scheme and Discretionary Scheme February 2022 Update

Background

As a result of the Covid-19 pandemic, the UK Government has implemented local and national restrictions on movement, commerce, and public activity throughout 2020 and 2021. The UK Government have attempted to curtail the spread of Covid-19 by requiring a period of self-isolation after testing positive for Covid-19 (or being identified as a close contact of someone who has). The specific requirements have been varied on numerous occasions over the last two years.

To support those who might encounter hardship by being required to remain at home and unable to work, the Test and Trace Support Payment Scheme (TTSPS) was rolled-out. Payments of £500 were administered by the relevant council to eligible individuals. The TTSPS can be received via the Main Scheme or via the Discretionary Scheme, which had slightly different eligibility criteria. The TTSPS formally closed on 24th February 2022. The Council is accepting TTSPS applications from individuals instructed to self-isolate before this date up to the 6th April 2022, where the claim is made within 42 days of the first day of self-isolation.

Applications are sorted into the appropriate category following review by the Senior Benefit Officer. The source of funding and the amount available differ for each Scheme, with limited funding available for the Discretionary Scheme. A total of £284,000 was paid out by the Council in TTSPS as of 31st December 2021 (£148,500 via the Main Scheme and £135,500 via the Discretionary Scheme).

It should be noted that the term ‘application’ and ‘claim’ are often used interchangeably where the TTSPS is concerned.

Scope

To date there has been no requirement for Internal Audit sign-off published by the Department of Health and Social Care (DHSC), the funding body. This work has instead been undertaken as part of a wider package of grants post-payment assurance support provided by Internal Audit.

The support work was completed in two large tranches, referred to as Phase 1 and Phase 2. As of February 2022, there remain a small number of payments not yet reviewed, including applications made (and those yet to be made) between 1st February 2022 and 6th April 2022. This is discussed within the ‘Key Findings’ section below.

All TTSPs made under the “Main Scheme’ and the ‘Discretionary Scheme’ during the following periods were reviewed: Phase 1 covered 1st October 2020 to 17th July 2021 and Phase 2 covered 18th July 2021 to 31st January 2022.

These ‘Phases’ refer only to the division of Internal Audit’s work into two lots. The eligibility of applicants for the TTSPS was tested against the relevant DHSC guidance and requirements in place at the time.

Data-driven fraud checks were included in testing. For both Phase 1 and 2, this was focussed on identifying multiple applications originating from the same household over a short period of time.

Limitations

The source data used to select Internal Audit samples was a direct system export from Civica OPENRevenues and included only claims made and fully processed at the time of data request. The impact of this is negligible and a consequence of both the 'dynamic' nature of the source data and our completing the review on an ongoing basis. The figures referred to (in terms of classifications as 'Main Scheme' and 'Discretionary Scheme') in this text are interim and subject to any final corrections when preparing the final return for the DHSC. For example, this will address any claims unsuccessful under the 'Main Scheme' but which were subsequently reassessed and successful under the 'Discretionary Scheme'.

Key Findings

The results of our work to date are organised below under the following headings:

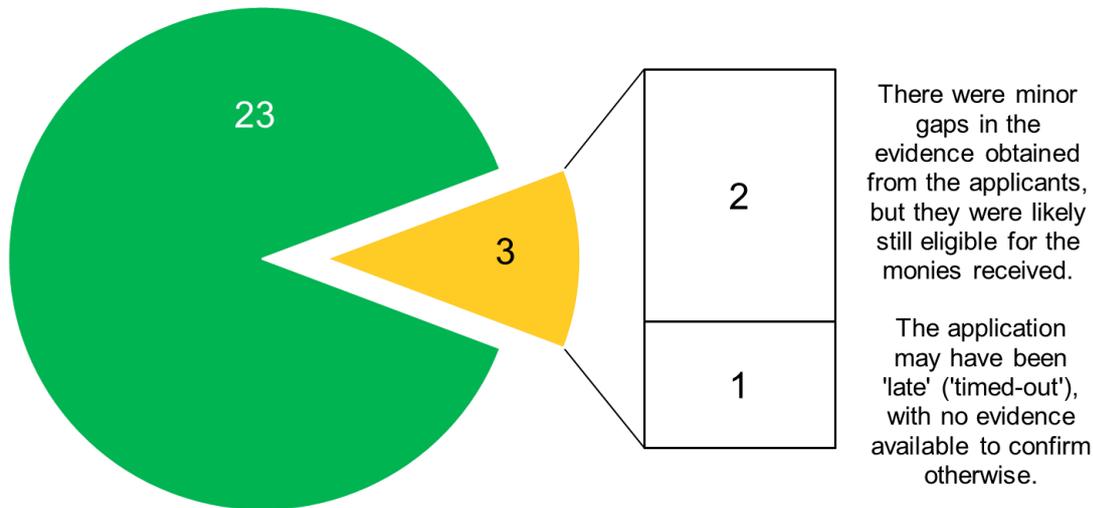
- i. Key Findings – Phase 1 – Main Scheme;
- ii. Key Findings – Phase 1 – Discretionary Scheme;
- iii. Key Findings – Phase 2 – Main Scheme;
- iv. Key Findings – Phase 2 – Discretionary Scheme;
- v. Key Findings – All Applications (Accepted / Refused); and
- vi. Internal Audit Coverage.

For the first four diagrams below, the following colour scheme applies: Green = 'No Issues', Amber = 'Issue Noted'.

Key Findings – Phase 1 – Main Scheme

There were 194 successful applications within the Phase 1 sample. Internal Audit sampled 21 of these as the 'core' sample. As part of the fraud-check outlined above, a further 5 applications were reviewed. This provided a 13.4% sample. The results of our testing are summarised in the diagram below, with a short explanatory note underneath.

Test & Trace Support Payment Scheme Phase 1 - Main Scheme

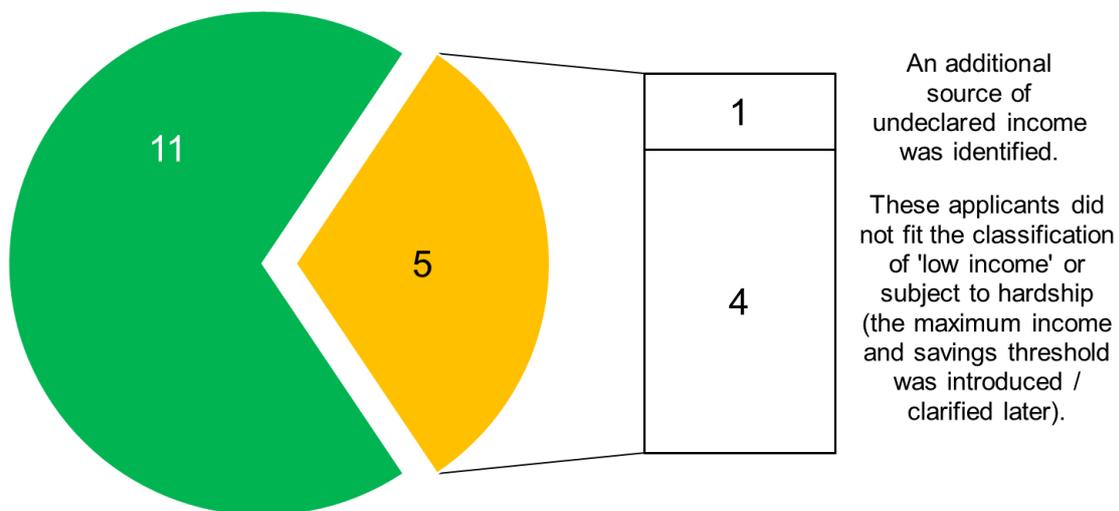


There were no specific issues highlighted within the fraud-check sample. For 88% of the applications reviewed in the sample, there were no issues noted.

Key Findings – Phase 1 – Discretionary Scheme

There were 109 successful applications over the Phase 1 sample period. Internal Audit sampled 12 of these as the 'core' sample. As part of the fraud-check outlined above, a further 4 applications were reviewed. This provided a 14.7% sample. The results of testing are summarised in the diagram below, with a short explanatory note underneath.

Test & Trace Support Payment Scheme Phase 1 - Discretionary Scheme



There were no specific issues highlighted in the fraud-check sample. For 69% of the applications reviewed in the sample, there were no issues noted.

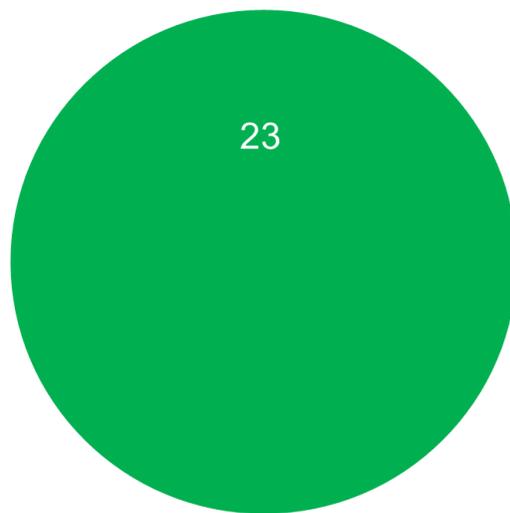
There were four applicants who did not fit the criteria of 'low income'. These were processed before checks against the maximum income and savings threshold were embedded into the process, so represent 'teething issues' in the delivery of the TTSPS.

There was one application where Internal Audit identified an additional source of part-time (or ad-hoc) income on the provided bank statement, which was not reflected on the relevant Application Form. This was missed due to human error when processing the application.

Key Findings – Phase 2 – Main Scheme

There were 223 successful applications over the Phase 2 sample period. Internal Audit sampled 19 of these as the 'core' sample. As part of the fraud-check outlined above, a further 4 applications were reviewed. This provided a 10.3% sample. The results of testing are summarised in the diagram below, with a short explanatory note underneath.

Test & Trace Support Payment Scheme Phase 2 - Main Scheme



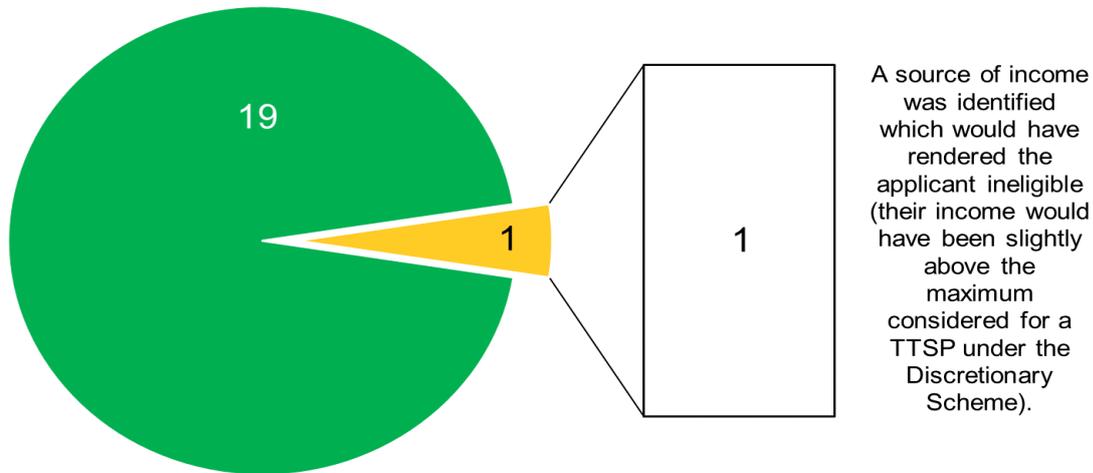
There were 0 claims within the sample reviewed with any issues.

There were no specific issues highlighted in the fraud-check sample. For 100% of the applications reviewed in the sample, there were no issues noted.

Key Findings – Phase 2 – Discretionary Scheme

There were 187 successful applications over the Phase 2 sample period. Internal Audit sampled 16 of these as the 'core' sample. As part of the fraud-check outlined above, a further 4 applications were reviewed. This provided a 10.7% sample. The results of testing are summarised in the diagram below, with a short explanatory note underneath.

Test & Trace Support Payment Scheme Phase 2 - Discretionary Scheme



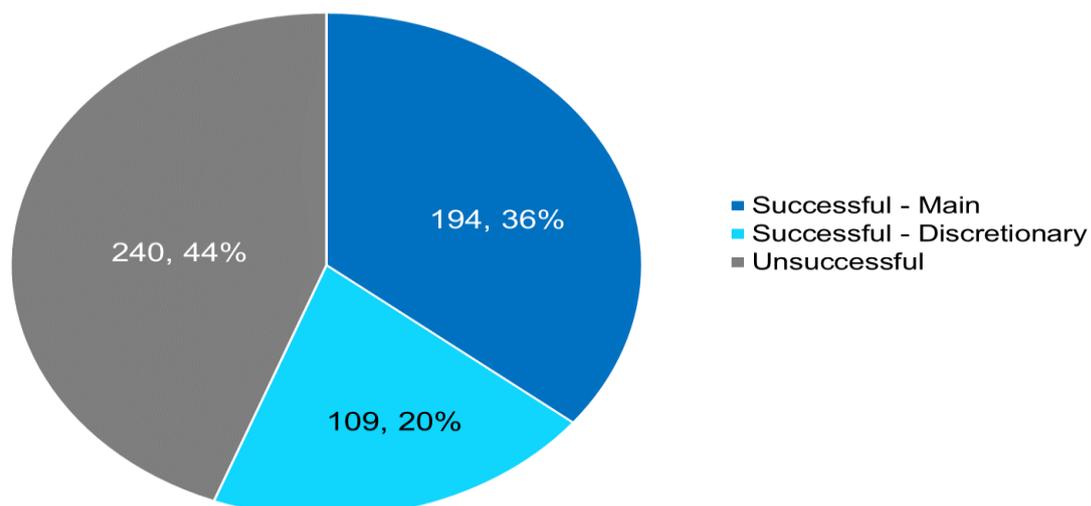
There were no specific issues highlighted in the fraud-check sample. For 95% of the applications reviewed in the total sample, there were no issues noted.

There was one application where Internal Audit were unable to verify that the applicant only had one source of income (one job). This was not concealed income; ARA were simply unable to confirm from the evidence collected by the Council that the individual did not continue to receive an additional income from another part-time role (which would have placed their income above the maximum threshold).

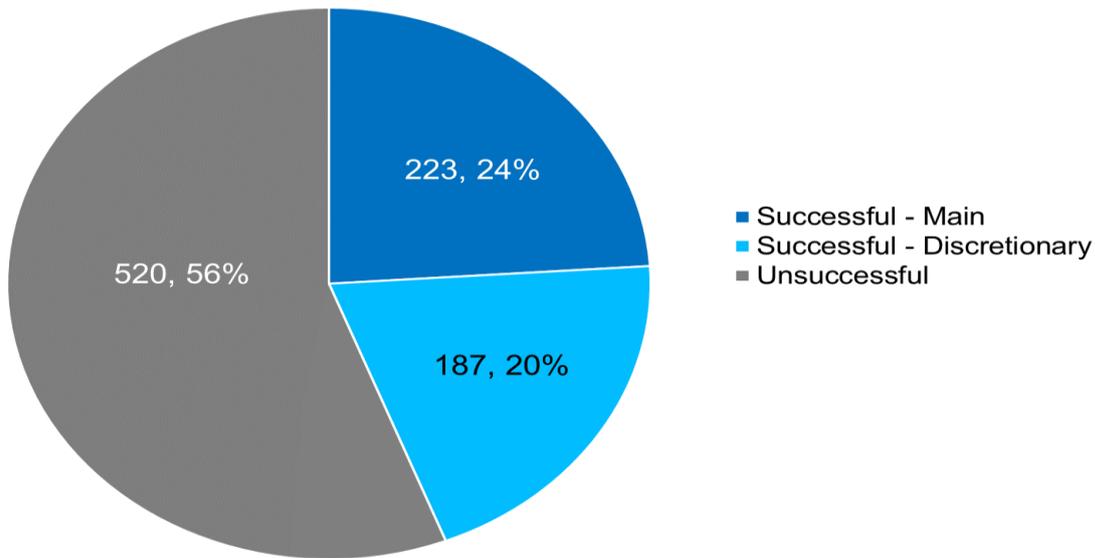
Key Findings – All Applications (Accepted / Refused)

To provide some context surrounding the % of applications which were 'Successful' versus 'Unsuccessful', the relevant interim data for Phase 1 and Phase 2 has been collated into the figures below.

Snapshot - Successful vs Unsuccessful Applications
Phase 1 Sample Period



Snapshot - Successful vs Unsuccessful Applications
Phase 2 Sample Period



An estimated 44% of applications were refused over the Phase 1 period. The reasons for refusal for this tranche were mostly either 'Not in Receipt of Eligible Benefit' and 'Other'. The latter was used for duplicate applications and a failure to respond to requests from the Council for further information or documentation. There were limited funds available for the Discretionary Scheme, so this could not be used to support those ineligible under the Main Scheme. An estimated 56% of applications were refused over the Phase 2 period. The reasons for refusal for this tranche were mostly 'Other' (as above).

The change between Phase 1 and 2 may also be linked to the rollout of the Covid-19 vaccine and shifting self-isolation guidance, which have both reduced the pool of eligible individuals (for the TTSPS).

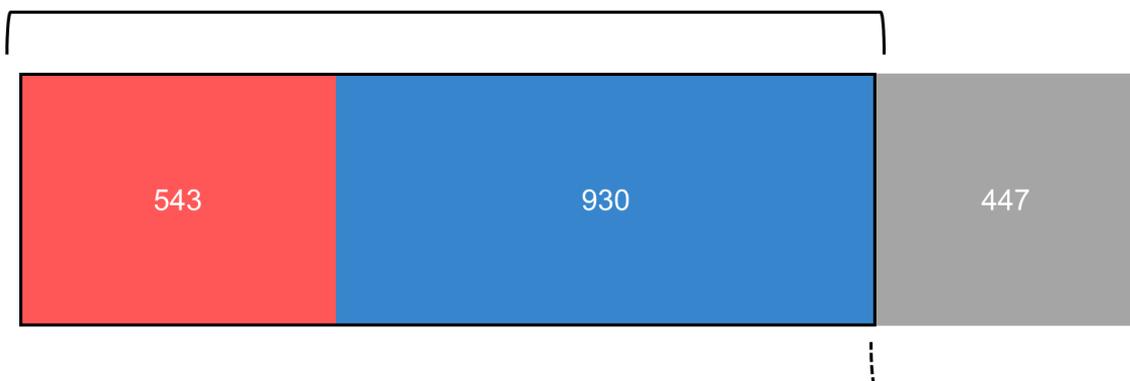
Internal Audit Coverage

The diagram below has been prepared to highlight the level of coverage of the TTSPS that Internal Audit has provided to date.

Red – Phase 1 – 543, Blue – Phase 2 – 930, Grey – 'Remaining' (Projected) – 447

Test & Trace Support Payment Scheme - SDC Internal Audit Coverage To Date (Estimated)

Phase 1 and Phase 2, October 2020 to January 2022



*The TTSPS formally ended on 24th February 2022, but is still taking applications until 6th April 2022 for those told to self-isolate before the 24th February 2022. The uptake is not expected to be high, with only a handful of applications expected over this period. The projected figure of 447 is therefore likely to be an overestimate.

Applications* Not Reviewed, late-January 2022 to April 2022

Conclusion

The initial roll-out of the TTSPS was at pace, with some ambiguity in the guidance early-on. The highly variable level of demand has placed pressure on the Council's ability to deliver the TTSPS, especially given that this work was completed by the Senior Benefit Officer in addition to their normal duties. Although Internal Audit has highlighted a small number of issues in the sample testing, the error rate is acceptable when taking into account the above factors.

The Council has exercised a sensible degree of caution in processing applications, but not to the detriment of those genuinely in need. This is evident in the figures for unsuccessful applications and should provide some assurance that the "1st Line of Defence" has prevented a large number of ineligible individuals from receiving a £500 payment. The changing guidance over the course of the TTSPS has posed challenges too, which were managed satisfactorily by the Council.

Management Actions

No formal recommendations were raised as part of this work. Although there were minor issues highlighted upon a 'deep-dive' into individual applications, there is no further action required that would be reasonable or proportionate given the 'borderline' nature of the claims and the low value of the payments. The TTSPS is due to be closed in April 2022, with a return submitted to DHSC shortly after.

Summary of Special Investigations/Counter Fraud Activities

Current Status

The Counter Fraud Team (CFT) within Internal Audit has received four referrals in 2021/22 to date. Two of the four cases were business grant application concerns. A review by the CFT found there to be no issues. The grants were subsequently paid, and the referrals closed. The remaining two 2021/22 cases are under review and once concluded, will be reported to the Audit and Standards Committee.

In addition, the CFT continues to work on one case brought forward from last year (Covid-19 grant related). This case remains under review and will be reported to the Audit and Standards Committee on its completion.



Any fraud alerts received by Internal Audit from the National Anti-Fraud Network (NAFN) and other credible entities are passed onto the relevant service areas within the Council, to alert staff to the potential fraud.

Since the start of the Covid-19 pandemic, ARA has provided the Council with regular updates on local and national scams which seek to take advantage of the unprecedented circumstances. These include the following fraud risk areas: a rise in bank mandate frauds, inflated claims, duplicate payments and the submission of fraudulent Covid-19 grant applications. This area of activity continues, with updates provided to the Council where relevant.

National Fraud Initiative (NFI)

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data matches in respect of the main 2021/22 exercise were released in January 2021.

Please find attached a link to the latest [NFI newsletter](#).

Examples of data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are always investigated but where possible, all recommended matches are reviewed by either Internal Audit, the appropriate service area within the Council or by procuring the services of the Counter Fraud Unit (CFU).

The CFT is currently assisting the Council to undertake some of the outstanding match reviews.

In addition, ARA has been advised that the CFU have been employed to undertake some of the match reviews on behalf of the Council. The CFU findings will be separately reported to the Audit and Standards Committee.

Covid-19 Omicron Business Grant Fraud update

As reported by NAFN in January 2022, the updated value of Covid-19 Business Grant fraud prevented from a total of 206 Councils in England, Scotland and Wales is:



**COVID Business Grant Fraud
prevented:
£30,571,250**

Due to the additional government funding made available during the Covid-19 pandemic, further matches (associated with the payments of the various government grants) have been made available and these continue to be released for review throughout the year. The CFT have offered the Council assistance in reviewing some of these matches.