

Internal Audit

Grant Audit & Audit Consultancy Summaries

2022/23



Local Transport Capital Block Funding Grant 2021/22

Local Transport Capital Block Funding Grant 2021/22

Grant certification and verification

We have examined payments made for the 2021-22 financial year in relation to the Local Transport Capital Block Funding Grants which is split into two separate determination letters set out below. The objective of this review was to perform checks and provide assurance that grant conditions have been met.

- Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance Blocks) Specific Grant Determination (2021/22) No.31/5505
- Local Transport Capital Block Funding (Pothole Fund) Specific Grant Determination (2021/22): No. 31/5506

We confirmed that funding was receipted by Lancashire County Council for the full amount of £34,912,000. Grant conditions state that funding may be used only for capital purposes. We confirmed that all expenditure incurred has complied with grant conditions.

A grant certificate containing the grant income received and spent in the financial year was produced and signed off by the Head of Internal Audit and the Chief Executive for submission to the Department for Transport (DfT).

Context

This audit has been conducted to provide assurance to the that in line with the grant determination letter, full funding totalling £34,912,000 was received by the council, spent against this grant during 2021/22 on local transport related projects and in accordance with the grant conditions.

The Internal Audit Service considers information and evidence provided by the Finance team in support of grant income and expenditure for 2021-22.

Liverpool Combined Authority Local Energy Hub – Q1 2022/23

Grant certification and verification

We have examined payments made in Quarter 1 of the 2022-23 financial year, submitted by Lancashire County Council to the Liverpool City Region Combined Authority in relation to the Local Energy Hub grant programme. The objective of this review was to perform checks to provide assurance that the grant conditions have been met.

We confirmed that all expenditure incurred is complete, accurate and complies with grant conditions. In line with grant conditions, Lancashire County Council has appointed a Senior Project Officer (Low Carbon and Renewable Energy) and a Community Energy Investment Lead. Although employment costs for the period reviewed do not include the pay award for 2022/23 which was agreed in November 2022. The April to October's pay will be backdated in November's payroll.

Context

This audit has been conducted to provide assurance to the Liverpool City Region Combined Authority that the Internal Audit Service consider that information and evidence provided by the External Funding and Investment team in support of the grant claims submitted for quarter 1, is complete, accurate and that grant terms and conditions have been complied with.

Grant funding for the sum of £260,000 plus £10,000 was allocated to Lancashire County Council to support the establishment of the Northwest Local Energy Hub and further development of local energy strategy. Liverpool Combined Authority, as the accountable body, secured funding from the Secretary of State for Business Energy and Industrial Strategy (BEIS) for the period of July 2021 to March 2024.

Supporting Families Quarter 1 & 2 - 2022-23

Supporting Families Quarter 1 - 2022-23

Grant certification and verification

We have examined claims made in Quarter 1 of the 2022-23 financial year, in compliance with grant conditions at the request of the Children and Family Wellbeing service to meet the Department for Levelling Up, Housing and Communities (DLUHC) Financial Framework for the Expanded Supporting Families Programme.

Audit testing for April, May and June of 2022 comprised a sample of 54 claims from a population of 535 and we can confirm that in each case tested the family was eligible for the programme, was worked with in the Supporting Families way and that outcomes achieved were in line with the council's outcome plan.

Supporting Families Quarter 2 - 2022-23

Grant certification and verification

We have examined claims made in Quarter 2 of the 2022-23 financial year, in compliance with grant conditions at the request of the Children and Family Wellbeing service to meet the Department for Levelling Up, Housing and Communities (DLUHC) Financial Framework for the Expanded Supporting Families Programme.

Audit testing for July, August and September of 2022 comprised a sample of claims from a population of 1,080 and we can confirm that in each case tested the family was eligible for the programme, was worked with in the Supporting Families way and that outcomes achieved were in line with the council's outcome plan. We can confirm that the number of claims able to be submitted for the financial year period has now been met by the Children and Family Wellbeing service.

Context

Audits of compliance with grant conditions are conducted quarterly at the request of the council's Children and Family Wellbeing service to meet the DLUHC Financial Framework for the Expanded Supporting Families Programme.

For each claim window, the Supporting Families team submit to the Internal Audit Service all claims they consider eligible for submission to DLUHC, and in accordance with the financial framework for the Expanded Supporting Families Programme. They complete a template collating source of evidence to support the case eligibility including screenshots from Supporting Families spreadsheets populated from case management recording systems and spreadsheets. Our validation process is limited to confirming that the screenshots provided support the eligibility criteria. We do not audit underlying information held within the various systems used by council and external teams, but we do conduct periodic audits of the accuracy and completeness of this data.

Claim	Total Families included	Award per submission	Total per claim	Period covered
Quarter 1	535	£800	£428,000	April to June 2022
Quarter 2	1,080	£800	£540,000	July to September 2022

Business Mileage Claims – analysis of normal commute deductions (consultancy)

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Significant Observations

It remains important that employees understand what they are entitled to claim for, and that managers check a proportion of claims for accuracy and compliance with policy before approving for payment. This may require further communication to clarify the rules that apply, including more direct methods than posting on the Intranet such as via team meetings and email.

Not all employees follow the policy correctly for claiming business mileage, as they have not deducted their normal commute when travelling from home past and beyond their designated office. From a sample of 181 claims starting the journey at 'home', we identified 29 that had passed the office base, none of which had been adjusted as such resulting in an overpayment of approximately £290.

We also identified 167 claims where the word 'less' was included in the journey detail. Analysis of a sample of 108 of these confirmed that normal commute had been deducted accurately from the claim made. The 108 claims paid by the Council totalled £1,842. If the requirement to deduct normal commute was removed, these would have cost the Council an additional £961.

The phrase 'past and beyond' that replaced the five-mile radius rule in June 2021 is open to interpretation meaning that our conclusions were based on a judgement of what we deemed to be reasonable rather than any defined Council requirement. We cannot conclude that we identified all relevant claims and caution should therefore be exercised in extrapolating our findings to calculate the exact cost to the Council that any change in policy would have on the whole of the mileage bill. We can say however that removing the requirement to deduct normal commute where officers travelled past and beyond their workplace would increase the costs of claims overall.

Scope of review

We reviewed a sample of business mileage claims paid to employees in the months April to September 2022. Initially claims by Children's Services staff with 'home' in the route details were selected to ascertain those where employees had travelled past and beyond their work base. Thereafter, claims were selected from across all services where 'less' or 'commute' were in the route details to identify those for which normal commute mileage was deducted from the claim.

Our testing aimed to:

- analyse compliance with policy regarding the deduction of normal commute mileage from business mileage claims; and
- to determine the effect a removal of this requirement would have on the cost of mileage claims paid by the Council.

The Oracle system does not produce data that automatically identifies claims where an employee drives past and beyond their office base. As journey details are entered by claimants in free text there is a lack of consistency in the words used meaning that our samples were identified by searching for the key phrases. Analysis of the journeys entered was required by reference to office details recorded in Outlook, home address in Oracle HR and google maps.

Business Mileage Claims – analysis of normal commute deductions (consultancy)

In the payment period examined (1 April to 30 September 2022) 3,824 employees (including school based) submitted 121,000 claims for business travel, for a total payment of £1.67m.