

Internal Audit

Grant Audit Committee Summaries

2023/24



Liverpool Combined Authority Local Energy Hub – Q1 to Q3 2023/24

Grant certification and verification

We reviewed grant expenditure for the period Quarter 1 to Quarter 3 of the 2023-24 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 provide assurance that:

- All items claimed are in accordance with the agreed eligible expenditure,
- All items claimed are within the grant funding period,
- There are no duplicate transactions, and no expenditure has been included on a prior claim and
- Accurate Forecasts have been included which are based on the most update information available.

From the audit work completed, we can confirm that all expenditure complied with grant conditions, with an approximate £113.5k supplier spend and £49.4k payroll spend for an Lancashire County Council Senior Project Officer (Low Carbon and Renewable Energy).

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 to quarter 3 2023/24, is complete, accurate and that grant terms and conditions have been complied with. The audit covers the period April 2023 to December 2023 and has been conducted in conformance with the Public Sector Internal Audit Standards.

Grant funding was allocated to Lancashire County Council to support the establishment of the North West 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). Schedule 3 of the grant conditions state payment will be made to Lancashire County Council within 20 working days of receipt of each quarter's claim forecast, subject to satisfactory audit assurances that payments comply with grant conditions and reconciliation of any previous quarter's payment. A quarterly certificate confirming this must be signed by the S151 Officer and the Head of Internal Audit and submitted for each claim.

Grant funding in respect of expenses was allocated to Lancashire County Council to support the establishment of the North West Local Energy Hub and further development of local energy strategy. Liverpool Combined Authority, as the accountable body, has secured funding from the Secretary of State for BEIS)

Scope of Audit

The scope of our work was to verify the accuracy of the grant submissions and to verify that the expenditure incurred was in accordance with the terms and conditions attached to the grant.

Bus Recovery Grant and Local Transport Fund

Grant certification and verification

We confirmed that the Bus Recovery Grant (BRG) of £268,474.34 and Local Transport Fund (LTF) of £3,141,624 was received and accounted for by Lancashire County Council for the full amount between January 2022 and July 2023. LTF is a successor grant scheme to the BRG paid to local authorities for the provision of bus services including tendered bus services. Grant conditions state that funding may be used for the purposes of supporting bus services including:

- Provision of tendered bus services valued over £29,999;
- Cover losses where the local authority or operator takes the revenue risk on a tendered service;
- Ensure provision of a replacement service where a commercial service has been withdrawn;
- Provide additional tendered services or to alter existing tendered services;
- Support community transport services; and
- Provide bespoke support to individual bus operators where this support is required, and withdrawal of services by an operator would result in increased costs to the taxpayer.

We confirmed that all expenditure incurred complied with grant conditions. The council is required as part of the grant funding to complete Network Reviews to outline plans to ensure the sustainability of its commercial, as well as tendered network. A Network Review was completed, and the Network Review pro-forma required to be completed by the Department for Transport (DfT) was submitted by the end of June 2022 deadline. An updated briefing note on the Network Review was produced in October 2022 following extension of the grant funding. The DfT has not set out its requirements for the provision of information on the services that the grant has been used to support nor arranged for the council to attend any fare evasion workshops.

A grant certificate was produced and signed off by the Head of Internal Audit and the Director of Finance (on behalf of the Executive Director Resources) for submission to the DfT.

Context

This audit has been conducted to provide assurance to the DfT that the Internal Audit Service considers information and evidence provided by the Public Transport team in support of grant claims submitted for in 2022 and 2023 is complete, accurate and compliant with grant terms and conditions.

The audit covers the 2022/23 and 2023-24 financial years and has been conducted in conformance with the Public Sector Internal Audit Standards. Our audit work was completed during February 2024. Grant funding was allocated to Lancashire County Council by the DfT to provide support to the authority towards expenditure lawfully incurred relating to the provision of bus services including tendered bus services.

In line with the grant determination letter, full LFT funding totalling £3,141,624 was received by the council between May 2022 and July 2023. BRG funding of £268,474.34 was received by the council between January and April 2022. This funding has been spent throughout the 2022/23 and 2023/24 financial years, supporting amongst other things, bus services and tendered bus services through revenue support to cover losses and provision of additional or replacement services, where existing commercial services are withdrawn.

Scope of Audit

The scope of our work was to confirm receipt of devolved funding and to verify that the expenditure incurred was in accordance with the terms and conditions attached to the grant.

Bus Service Operators Grant

Grant certification and verification

We confirmed that funding was receipted by Lancashire County Council for the full amount of £1,866,269 in July 2022. Grant conditions state that funding may be used only for the purposes of supporting bus services (including community transport services run under a section 19 permit), or for the provision of infrastructure supporting such services in that authority's, or a neighbouring authority's, area. We confirmed that all expenditure incurred complied with grant conditions, including annual charges for a charitable organisation providing transport services, pay enhancement for alternative shift work, utility billing for a bus station and private contractor work for reactive maintenance. A survey is required to be completed which reports how the authority made use of the devolved funds. The Department for Transport (DfT) is expected to provide this survey in late September and the authority will ensure that this survey is completed and published online. While we were unable to confirm that this survey was published due to the need to submit a compliance certificate to the DfT by the end of September, we confirmed the council published the survey for 2021/22 funding on its internet page.

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 DfT by Public Transport.

Background

This audit has been conducted to provide assurance to the DfT that the Internal Audit Service considers information and evidence provided by the Public Transport team in support of grant claims submitted for 2022-23 is complete, accurate and compliant with grant terms and conditions.

The audit covers the 2022-23 financial year and has been conducted in conformance with the Public Sector Internal Audit Standards. Our audit work was completed during September 2023.

Context

Grant funding was allocated to Lancashire County Council by the DfT to provide support to the authority towards expenditure lawfully incurred relating to bus services or the provision of infrastructure supporting such services.

Financial Information

In line with the grant determination letter, full funding totalling £1,866,269 was received by the council in July 2022. This funding has been spent throughout the 2022-23 financial year, supporting bus station operations through employment of staff, utilities bills, funding for charitable transport services, as well as contributing towards private contractor and agency costs.

Scope of Audit

The scope of our work was to confirm receipt of devolved funding and to verify that the expenditure incurred was in accordance with the terms and conditions attached to the grant.

Supporting Families Grant Claims - Q4

Grant certification and verification

We have examined claims made in quarter four of 2023-24 financial year, in compliance with grant conditions at the request of the Children and Family Wellbeing service to meet the Ministry of Housing, Communities and Local Government (MHCLG) Financial Framework for the Expanded Supporting Families Programme.

Audit testing for January, February and March 2023 comprised a 10% sample of claims from a total population of 924. We can confirm that in each sample case we tested, the family was eligible for the programme and had worked with the Supporting Families way, and that outcomes achieved were in line with the council's outcome plan.

For the avoidance of doubt, our validation process is limited to confirming that the screenshots provided support the eligibility criteria claimed. It does not include separate examination of the detailed underlying information held within numerous systems used by teams across the council and beyond.

We do, however, acknowledge that in producing the templates for audit submission errors in the underlying spreadsheets would be detected and corrected, and indeed we are aware that ineligible claims are routinely identified as part of the internal checking mechanisms. Similarly, whilst we do not check the consistency of the underlying spreadsheets against the master spreadsheets recording eligibility, we do obtain assurance of this on a periodic basis through conducting a walkthrough test.

Background

Audits of compliance with grant conditions are conducted quarterly at the request of the council's Children and Family Wellbeing service to meet the Ministry of Housing, Communities and Local Government (MHCLG) Financial Framework for the Expanded Troubled Families Programme.

Context

For each claim window, the Supporting Families team submit to the Internal Audit Service (IAS) all claims they consider eligible for submission to MHCLG, and in accordance with the financial framework for the Expanded Supporting Families Programme. They complete a template collating sources 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.

Financial Information

Quarter 4 claim included 924 families, with £800 being awarded for each individual submission. This totals £739,200 for the period reviewed.

Scope of Audit

The audit covers the quarter 4 of 2023/24 period (Jan to Mar 24) and was completed during the March 2024. Audit testing is based on a random sample of 10% of the total claims to be submitted.