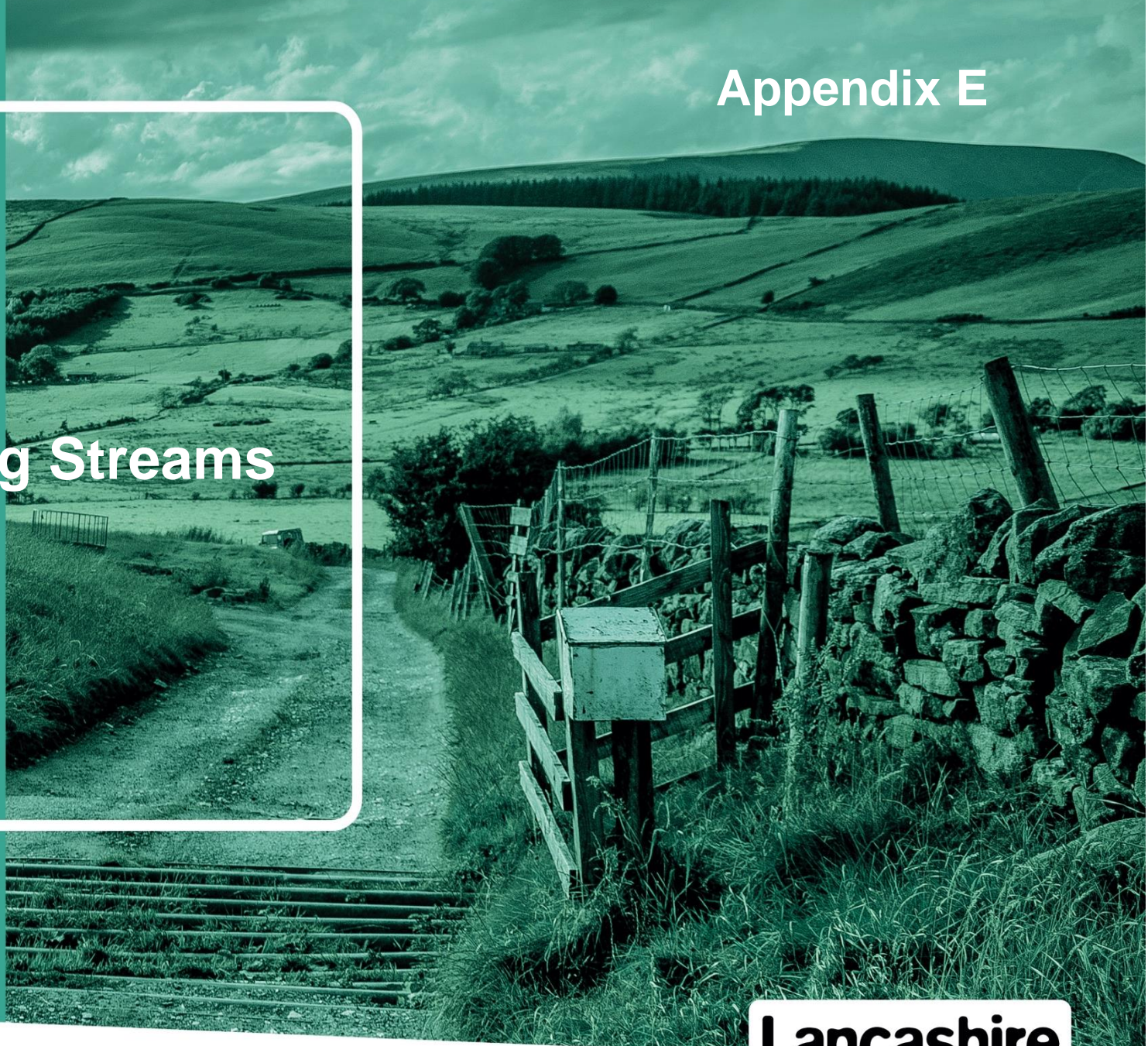


Internal
Audit

Covid Funding Streams

2021/22



Overall assurance rating



Substantial

Audit findings requiring action

Extreme	High	Medium	Low
0	0	0	0

The usual considerations of risks and control were inevitably affected in the midst of the pandemic, there was a need for services to administer grants and pass on funding quickly. Despite this, we can give substantial assurance that controls and processes appropriate to the circumstances were in place to ensure funds were administered and allocated effectively.

Grants to support the Councils response to Covid were received from central government across the Council in different departments, for various purposes and amounts. They were used to support a wide range of recipients, and all subject to discrete conditions and requirements. They were administered by Services across the council.

Funding received has been fully and accurately accounted for in the Oracle accounting system. Grants were administered effectively with appropriate oversight over decision making. Funds were used in accordance with conditions of grant usage including allocation of funds to eligible recipients, progress reporting to government departments and repayment of unspent funds. Compliance with grant conditions was achieved through the development of effective processes administered by cross-functional teams and is demonstrated through retained evidence.

Background

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit & Governance Committee. The audit has been conducted in conformance with the Public Sector Internal Audit Standards

Context

In response to the Covid pandemic, the government provided the council with additional funding to support the Covid response across Lancashire, through direct funding of council activity or to allocate to other local authorities, organisations and businesses. This was either un-ringfenced emergency funding or for specific purposes such as council tax and business rate support, outbreak management, workforce capacity, free school meals and infection control.

Grants were allocated by different government departments according to the intended recipients and purpose of funding. Grant determination letters set out conditions for use of funds including requirements for reporting progress with funding allocation, compliance with grant conditions and the return of any unspent funding.

Financial information

In 2020/21 and 2021/22 approximately £253m of Covid grant funding was received by the council, £102m of un-ringfenced emergency funding and £151m to support specific action to reduce the impact of Covid. Grants covered by audit testing accounted for £78m of total funding received.

The following grants were selected for review:

- Local Council Tax Support for 2021/22 - £11.4m

- Adult Social Care support funding for care providers, including Infection Control Fund rounds 1 to 5, including testing and vaccination allocations - £57.4m;
- Local Authority Emergency Assistance Grant for Food and Essential Supplies 2020/21 £1.4m;
- Covid winter support grant scheme 2020/21 - £3.9m; and
- Additional home to school transport funding for 2020/21 and 2021/22 - £2.1m

Previous audit

An audit of Covid Funding Streams has not been completed previously

Scope of Audit

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following control areas:

- Financial accounting and reporting;
- Compliance with grant conditions; and
- Allocation of funds.

Area of Coverage	Commentary	Assessment
Financial accounting and reporting	Covid grant funding was received and accounted for in full in the Oracle system, and included in the Council's budget monitoring and reporting process. Funding was also included in financial reporting to Cabinet, including the Money Matters Revenue and Capital Financial Position 2020/21 Outturn.	●
Compliance with grant conditions	<p>There was sufficient evidence that Covid grants had been used for the purposes defined by government, including submission of regular reports on spending where required.</p> <p><u>Council tax support grant</u></p> <p>The council tax support grant for 2021/22 was not ring fenced, therefore there were no additional conditions for the Council to meet.</p> <p><u>Infection Control Fund</u></p> <p>Grants to provide financial support to adults care homes to ensure their sustainability during the pandemic were administered effectively through a working group established and led by the Director of Adult Services. This group met fortnightly and includes representatives of key services including</p> <ul style="list-style-type: none"> • ASC financial intelligence and contracts management, • Finance (Exchequer Services), • Legal Services and • Internal Audit. 	●

	<p>Grant offers to providers complied with eligibility requirements and were vetted by Legal Services, including clawback requirements for unspent funds. Returns were submitted to government.</p> <p><u>Local Authority Emergency Assistance Grant for Food and Essential Supplies</u></p> <p>The amount of funding and allocations to districts was determined by the Department for Environment, Food and Rural Affairs (DEFRA). Public Health at Lancashire County Council used the DEFRA allocation model to calculate the amounts for each district, based on population and level of deprivation.</p> <p>Agreements were drafted with each district which detailed what the money was for and the amount, the outcomes information to be maintained by the district and the fact that unspent money would have to be returned.</p> <p><u>Covid winter support grant scheme</u></p> <p>The purpose of the COVID-19 Winter Grant was to support children, individuals and households who were experiencing or at risk of poverty, where they were impacted by the ongoing health emergency. The beneficiary groups eligible to receive support were agreed and approved by the Leader of the Council.</p> <p>Budget analysis, monitoring and reconciliation has been undertaken by Financial Management to ensure that the funding allocated to the council and distributed was sufficient to meet the needs of the beneficiary groups identified.</p> <p><u>Additional home to school transport funding</u></p> <p>This grant funded additional school and college transport capacity, and was added to the School Transport Operation budget to support local transport authorities whilst social distancing was required on public transport.</p>	
Allocation of funds	<p>Instances of inappropriate payments being made have not been identified.</p> <p><u>Council tax support grant</u></p> <p>The additional council tax support grant for 2021/22 was added to the overall funds available for the annual budget that is approved by members.</p> <p><u>Infection Control Fund</u></p> <p>Payments from the Infection Control Fund were ringfenced to social care/ care homes. Care providers were required to confirm that allocated funds were spent on eligible expenditure only, as set out in the allocation letter.</p> <p><u>Local Authority Emergency Assistance Grant for Food and Essential Supplies</u></p> <p>All of the grant was distributed to Lancashire's district councils in accordance with the allocation model and conditions set by DEFRA.</p> <p><u>Covid winter support grant scheme</u></p> <p>Over 92% of the 2020/21 winter support grant was used to support free meals in schools and colleges. The remainder of the grant was allocated in smaller amounts to district councils to supply essential items to families in need, and to foster carers and care leavers for food and fuel.</p> <p><u>Additional home to school transport funding</u></p>	●

	The additional funding received was added to the School Transport Operation budget to support the service whilst social distancing was required on public transport. Expenditure from that account was for that service.	
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