

## Question 5 – Clive Stevens

Regarding Agenda item 13 Appendix 4 – Internal audit of the control processes of affordable housing grants.

From my time on Audit Committee I recall the Chief Internal Auditor (CIA) confirming that he reports to the Chair of Audit Committee (i.e. Cllr Hopkins). This arrangement is to ensure that there is no political pressure on the CIA to cover up or hide anything.

I read the report (App 4) and was pleased with the honesty of the review. I hope you found no evidence of fraud, but as both managers responsible for this grant process left the Council during the audit – that has to be a bit concerning. And then you stopped the audit. Before stopping you discovered other issues which should worry both you and the Audit Committee like the state of the Grant Tracker; the primary record for tracking grants, described as not fit for purpose and poorly maintained.

I also recall from previous Audit Committee meetings that many, perhaps most grants, have to be paid back if they haven't been administered within the agreed conditions.

Despite these basic failings you give this review an opinion of Limited Assurance, Not an opinion of No Assurance.

Question 1:

-What, please, is the definition used in the Council for an audit review to achieve a rating of No Assurance. (I'm hoping Audit Committee might discuss whether No Assurance should really apply here).

*Answer: The Council's Internal Audit Service's definition for an opinion of 'No Assurance' is 'The risk management, internal control and governance processes are generally poor and as such service objectives are at significant risk. For an opinion of 'Limited Assurance' the definition is 'There are weaknesses in the risk management, internal control and governance processes; putting service objectives at risk.'*

*The Chief Internal Auditor exercises professional judgement in assigning the assurance opinion, having regard to the audit findings, the rating of the risks associated with those findings and the actions already being taken or proposed by management in response to the audit findings. Regarding this audit, it was undertaken at the request of management as they had already identified issues with service delivery and administration but wanted independent scrutiny of the position. While the audit findings were significant the positive actions already taken by management together with the further proposed actions led to the Chief Internal Auditor assigning an assurance opinion of 'Limited Assurance'.*

Question 2:

-Are these affordable housing grants under conditions that means they need to be paid back if there are errors, if so, have you had a chance to estimate if the Council is at risk?

*Answer: The Affordable Housing Grant Programme is funded directly by the Council through a combination of prudential borrowing and commuted sums rather than government grant.*

*There is therefore no risk that the Council would have to repay funding if there are errors in the award of Affordable Housing Grant.*

*The Council releases grant funding to applicants on the achievement of agreed milestones. Grant agreements include provisions that allow the withholding, or clawback, of funding should the grant funded outcomes not be achieved. This significantly reduces the risk that grant funding is not used for the intended purpose.*