

Final Internal Audit Report

Disabled Facilities Grants (DFGs)

September 2021

Distribution: Interim Executive Director for Housing
 Director of Housing Need
 Head of Income, Lettings, Home ownership and Renewal
 Staying put Team Leader
 Senior Home Investment Officer

Assurance Level	Issues Identified	
Limited Assurance	Priority 1	1
	Priority 2	3
	Priority 3	0

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Terms of Reference
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1. Introduction

- 1.1 Disabled facilities grants (DFGs) are mandatory grants provided by local authorities to help meet the cost for essential adaptations, with the aim of enabling people with disabilities to remain independent and continue living in their own home.
- 1.2 Applications are means tested with the maximum grant award being £30,000. As at 31 August 2020, the Service had spent £481,972.88 (against an annual budget of £2,637,527).
- 1.3 To help ensure that the grant goes to the neediest households, a means test for adults (not children) is carried out to determine the amount of grant and looks at the income and capital of the disabled person and their spouse or partner, collectively. For families with a disabled child under 19 years the grant is not means tested.
- 1.4 For the year to 31 August 2020 there were 39 new DFG applications 68 DFG applications approved and 35 cases completed. (Source Monthly Report August 2020).
- 1.1. The fieldwork for this review was completed during the government measures put in place in response to COVID-19. While our review and testing was performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.5 This audit was undertaken as part of the agreed Internal Audit Plan for 2020/21. The objectives, scope and approach are included in the Audit Terms of Reference at Appendix 1.

2. Key Issues

Priority 1 Issues

The Council's DFG application form, which asks for personal information from the applicant, does not include privacy information or any consent. **(Issue 1)**

Priority 2 Issues

A joint visit, including the client and building surveyor, prior to the works had not been undertaken for two of the sample of 10 applications tested and there was no evidence to suggest this was not required. **(Issue 2)**

A signed 'DFG7 – Notification of completion – all tenures' form was not available for three of the sample of 10 applications tested. **(Issue 3)**

No formal monitoring of the performance targets in the 'Procedure for processing disabled facilities grants' was evident. **(Issue 4)**

Application Administration

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1				
1	<p>We introduced a GDPR consent form in 2018 which forms part of the application process. We have checked the 10 sample cases and 7 out of 10 had GDPR forms signed.</p> <p>1 case was pre GDPR and the application form included DPA.</p> <p>2 cases did not have a DPA or GDPR form</p> <p>We take on board that it would be better to include the GDPR as part of the application form, and will look to incorporate the GDPR into the current application form.</p>	<p>The Information Commissioners Office (ICO) website details that, <i>'The lawful bases for processing are set out in Article 6 of the UK GDPR. At least one of these must apply whenever you process personal data'</i>. The lawful basis for processing may include: consent, contract, legal obligation, vital interests, public task and legitimate interests. Furthermore, the ICO website also details that, <i>'You must provide individuals with information including: your purposes for processing their personal data, your retention periods for that personal data, and who it will be shared with. We call this 'privacy information'</i>.</p> <p>Examination of the DFG application form, which asks for personal information from the applicant, found that this did not include privacy information or any consent (as none of the contract, legal obligation, vital interests, public task and legitimate interests lawful basis apply). Furthermore, as personal information relating to any other residents in the same dwelling as the client is also being requested, separate consent for these other residents will also be required.</p> <p>As some of the information required to be provided on the form relates to disabilities (i.e. the individual's health), the personal information being provided is considered sensitive personal data and is therefore subject to more rigorous requirements under the Data Protection Act (DPA) 2018.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Staying Put Team Leader</td> <td>September 2021</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Staying Put Team Leader	September 2021	<p>Where the disabled facilities grant application form do not include appropriate privacy notices and, where these are not appropriately signed and retained, there is a risk that the Council may be obtaining and retaining sensitive personal information in breach of the DPA 2018 and</p>
Responsible Officer	Deadline					
Staying Put Team Leader	September 2021					

General Data Protection Regulations and, should a data breach occur, will have a limited defence.

Work Monitoring

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 2				
2	We need to update our process, as this situation is more common with Child cases, but tend to be more complex, especially when families want to do their own scheme 'Alternative works'(which is noted in the Housing Renewal Policy. or there is an award for compensation made via a solicitor.	<p>The 'Procedure for processing DFG's, paragraph 6.2 details that, 'CW [Case Worker] to arrange joint visit (unless already happened because client is passported) including client and BS [Building Surveyor]'. Examination of the documentation retained for a sample of 10 applications could not evidence that a joint visit, including the client and building surveyor, prior to the works had been undertaken for two of the applications, (namely for case numbers 2019/00099/OOC where there was no evidence of a joint visit and 2020/00033/OOC where the joint visit occurred after the works). Follow up with the Service for both the above, confirmed that joint visits had not occurred due to specific circumstances, such or clients arranging their own works. It was acknowledged that the procedure notes needed to be amended.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Staying Put Team Leader</td> <td>September 2021</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Staying Put Team Leader	September 2021	Where a joint visit with a building surveyor and the client does not occur prior to works being conducted, there is a risk that works are not correctly specified or are not to the client's agreement.
Responsible Officer	Deadline					
Staying Put Team Leader	September 2021					

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 3				
2	<p>1st tenant – OT Telephoned client advised she did not need a home visit and was managing independently.</p> <p>2nd Tenant – OT Telephoned client – confirmed adaptation meets the need.</p> <p>3rd Tenant - OT provided DFG7 but there is no record.</p> <p>We will ensure that this is followed up and a note is made on the case notes to confirm OT has signed off the work, if a DFG7 is not available.</p>	<p>Upon completion of works, the client and Occupational Therapist (OT) are required to agree and sign a 'DFG7 – Notification of completion – all tenures' form. The OT certifies that, '<i>The adaptations at the above property meets the client's needs. I confirm that any snagging which may have been identified and noted in comments below does not prevent the adaptation from being used safely.</i>' The client certifies that, '<i>I confirm that the adaptation works are completed and that I am able to safely use the adaptation provided.</i>'</p> <p>Examination of the documentation retained for a sample of 10 applications found that in three instances a signed DFG7 form was not evident.</p> <p>While discussion established for the first case that the client had stated that they did not wish a visit and for the last case that the completion was conducted over the telephone, appropriately completed DFG7 forms should still have been obtained.</p> <p>Where appropriately signed DFG7 forms are not obtained and retained, there is a lack of evidence of due diligence and a risk that the adaptations do not properly meet the client's needs.</p>				
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Staying Put Team Leader	September 2021					

Reporting

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 4				
2	<p>We currently use a Data Monitoring spreadsheet on Share point which we use to monitor dates.</p> <p>The Major Adaptations Unit provide monthly monitoring which reports on performance targets.</p> <p>Going forward we will ensure that these performance targets are regularly monitored against.</p>	<p>In order to be able to monitor the efficient and effectiveness of the Service, appropriate performance indicators and targets should be in place which are regularly monitored against.</p> <p>It was confirmed that the 'Procedure for processing disabled facilities grants' document included a number of performance targets, (such as: the case worker making appointments for initial client visits within 1-2 weeks, financial assessments being completed and sent to clients within 2 weeks of all information being provided, case worker to arrange joint visit with building surveyor within 2 weeks, etc.); however, no formal monitoring of these or other performance targets was evident.</p> <p>Where performance targets are not monitored, there is a risk that poor service is not identified and appropriate steps are not taken to improve it.</p>				
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AUDIT TERMS OF REFERENCE

Disabled Facilities Grants

1. INTRODUCTION

- 1.1 Disabled facilities grants (DFGs) are mandatory grants provided by local authorities to help meet the cost for essential adaptations with the aim of enabling people with disabilities to remain independent and continue living in their own home.
- 1.2 Average DFG grant is £6,500 and maximum DFG grant that can be paid is £30,000 per application in England.
- 1.3 To ensure that the grant goes to the neediest households, a means test for adults (not children) is carried out to determine the amount of grant and will look at the income and capital of the disabled person and their spouse or partner, collectively.
- 1.4 Where the cost of the eligible works are more than the grant limit the Council may use discretionary powers under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (see Other relevant assistance, page 11) to bridge part or all of the gap between what it is required to pay and the full cost of the works.
- 1.5 Councils have the statutory time limit of six months to make a decision on the grant application. This is six months from the date of the formal application on the councils application form.
- 1.6 This audit is being undertaken as part of the agreed Internal Audit Plan for 2020/21.

2. OBJECTIVES AND METHODOLOGY

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes relating to Business Rates.
- 2.2 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.3 The audit will for each controls / process being considered:
 - Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls, and
 - Report on these accordingly.

3. SCOPE





3.1 This audit examined the Council's arrangements for the following areas relating to Disabled Facilities Grants (and number of issues raised):

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Application Administration	1	0	0
Occupational Therapist Assessments	0	0	0
Work Monitoring	0	2	0
Equipment	0	0	0
Budget Monitoring	0	0	0
Reporting	0	1	0
Total	1	3	0

Definitions for Audit Opinions and Issues Raised

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to issues raised are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Statement of Responsibility

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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