

APPENDIX 1 – Red Limited and Amber Moderate Assurance Audit Review Outcomes

Audit: Community and Children’s services: Client Account Management - Appointeeships and Court of Protection Cases – Limited Assurance (3 x Red, 15 x Amber, 10 x Green)

Audit Scope and Background:

An audit of the department’s Community Care arrangements was finalised in May 2013 this resulted in a number of recommendations being made in relation to the management of client accounts, telecare service and access to phone lines. The outcome from that audit review was discussed at the June 2013 Audit & Risk Management Committee. As a result of the findings, officers within the Community & Children’s Services Department requested an in-depth review of the management arrangements of for the administration of client funds via an appointeeship or deputyships (where the City has been granted a Court of Protection order due to the diminished mental capacity of an individual).

The main objectives of the audit were: to assess the extent of support provided to officers to promote compliance, efficiency and consistency; to verify that adequate controls are in place to safeguard clients’ assets; to confirm that appropriate financial management is practiced for all funds held under fiduciary care; to gain assurance that payments are accurate, timely, appropriate and fully supported by documentation; to confirm that frequent and complete monitoring is conducted, and to assess the procedures in place for managing clients’ finances in the event of a service user’s death. A full report of these findings along with the earlier Community Care Services review was made to the Community and Children’s Services Committee on the 12th July 2013 where members noted the audit findings and that a full audit follow-up was planned for September 2013.

Audit Findings:

Limited assurance was provided concerning the management of appointeeships and deputyships, owing in part to control weaknesses reported previously (please see Member Briefing issued on 4th June 2013) such as communication issues between Financial Services and Adult Social Care and a lack of formal procedures. However, it is acknowledged that the department has made significant progress to improve the level of control and management oversight since the Community Care review, with all three red priority and thirteen of the fifteen amber priority recommendations now implemented from the earlier review.

Responsibility for the management of appointeeships and deputyships is transferred from Adult Social Care to Financial Services as soon as the relevant governing body authorises the application. In the absence of adequate supporting guidance and full understanding of requirements this resulted in the City failing to meet its obligations as either an appointee or deputy on a number of cases. This poses the risk of increased OPG regulation or revocation of Deputyships and fraudulent activity not being identified.

Deputyships:

Weaknesses include failure to gain timely access to clients' bank accounts once approval (in the form of court orders) has been received (the audit noted delays of up to 18 months). Without timely access to bank accounts there is a risk that potential fraudulent activity is not identified and that adequate financial management cannot be exercised, including the City accruing debt on the client's behalf. A red recommendation was made in relation to this issue and has been fully implemented by way of the development of a new procedure following completion of audit fieldwork.

Additionally, examination of client files identified that no action has been taken to identify or cancel any active debit cards or chequebooks possessed by clients under care. This poses the risk that the City would be unable to identify if client accounts were subject to fraudulent activity. This is an area of concern given that on at least one occasion an application was made to the Court of Protection due to concerns over the abuse of clients' financial affairs. As a result of internal audit recommendations a service protocol is being developed by the Adult Social Care team in conjunction with the Financial Services Division.

Interim arrangements are in place to ensure that clients' expenses are paid for pending access to the bank accounts. The department, as at 1 May 2013, has accrued a debt of £14,335 for deputyships, which will be recovered once access to the clients' bank accounts has been gained. Arrangements have since been implemented to ensure that action to gain access to clients funds is completed more swiftly.

A number of instances were identified where the assets of clients who have passed away intestate and with no known family members has been transferred to the Adult Services' revenue accounts. This has effectively resulted in the department adopting a net surplus of over £8,500 to date, with the intention of transferring a further £24,667 currently residing on the balance sheet, instead of escheating assets to the Crown via the Treasury Solicitor as required by the Administration of Estates Act (1925). A 'red' recommendation was made in relation to this and is expected to be fully addressed by end September 2013.

Action has been taken to ensure the process operates more effectively for any new Court of Protection cases. Furthermore; the Department is taking additional action by the way of external training to consolidate knowledge held by both Social Care and Financial Services Division teams to help officers review practice. The training goes beyond the action suggested by Internal Audit and demonstrates the Departments commitment to address the issues identified during the review.

Financial management procedures could be improved by including officers within the Adult Social Care team as signatories for clients' bank accounts, and ensuring that reconciliations are conducted independently on a monthly basis.

Appointeeships:

Appointeeships may no longer be the most appropriate method of managing clients' funds as some of the balances are in excess of the minimum level required for consideration by the Court of Protection. Additionally some individuals protected by appointeeships have accrued substantial balances which may affect their benefit entitlement and may have resulted in overpayments being received from benefit providers. This is of particular concern as the City, in its capacity as an appointee, is responsible for ensuring the client receives the correct entitlement. In addition, a review of all client files highlighted a number of outstanding actions, such as notifying the OPG of a change of circumstance or notifying interested parties of the City's deputyship. These matters are in the process of being addressed by the Adult Social Care team and were due to be fully implemented by the end of August 2013.

Improvements could be made in relation to the extent to which the roles of reconciliation and payment administration are segregated as the existing arrangements do not mitigate sufficiently the risk of misappropriation of client funds; although no instances of this were identified during the review. A 'red' rated recommendation was made in relation to this and has since been implemented relating to procedures in place for both appointeeships and deputyships.

In addition, there is approximately £9,400 held on the balance sheet for charity contributions which cannot be matched to the respective expenses incurred and may have to be written off. The majority of these receipts have been held on the balance sheet for several years. The previous Director of Community and Children's Services, is still named as the deputy, which may affect the timeliness of the City's decision making powers unless responsibility is transferred to another officer.

Management Response

Internal Audit has issued three 'red', fifteen 'amber'; three of which relate to actions specific to an individual case; and ten 'green' recommendations. All of the red recommendations have been implemented since the completion of fieldwork. Of the fifteen amber recommendations, fourteen have been fully implemented; the one outstanding recommendation has been partly implemented with the remainder due by November 2013. Eight of the ten 'green' recommendations have already been implemented; the remaining will be progressed and completed by the end of September 2013.

A number of the recommendations are reliant upon the successful implementation of the new Social Care Records Management System (Framework) which will enhance the overall control framework in place for the management of client accounts. Internal audit intends to conduct a full follow up of both the Community Care and Appointeeships and Deputyships reviews in September.

Audit: City Surveyors: Refurbishment of Traditional Crematorium  (0 x Red, 4 x Amber, 1 x Green)

Audit Scope

Internal Audit has undertaken the above review as part of its planned programme of Construction Project audits for 2012/13. The contract sum for the refurbishment work was £1,091,354 and the term for the works was 34 weeks. This Internal Audit review focused on the procurement approach, control over the scope of work, adequacy of contract documents in respect of late payments, and the effectiveness of payment valuation and monitoring processes.

Audit Findings

This review concluded that the procurement practices exercised on this project were in accordance with the City's guidance, and that the contract conditions used did ensure compliance with the "Late Payment" legislation that was in force when this contract was let. Some weaknesses were noted in respect of compliance with Financial Regulation 13.4 which requires the provision of detailed information to support monthly valuations. Further, this review found that Project Vision, the Corporate Project Monitoring system for projects in excess of £50,000, was not being updated in a timely manner, nor was it being sufficiently used to store project documentation. As a result, the project monitoring process was found to be overly reliant upon the verbal updating of Senior Staff in the progression of cost and time information to Members.

Four amber and one green priority recommendations were made. The amber recommendations were made to facilitate the checking of payment calculations for errors, to improve the speed, accuracy and completeness of cost and progress information held along with supporting documentation, and to lessen the historic over-reliance placed upon a limited number of staff and Senior Officers. The green recommendation was made to improve the provision of detailed cost information so as to reduce the scope for misinterpretation.

The implementation of these recommendations will better facilitate good governance by mitigating the risk of decisions based upon inaccurate or incomplete information. Further, implementation will lessen the risk of erroneous payments being progressed without challenge, and improve the experience and knowledge of project management staff, while increasing the resilience of the project management system overall.

Management Response

Fieldwork for this review was completed in February 2013 with the draft report issued that same month. The management action plan was agreed at the end of May 2013 to implement all recommendations by July 2013. Management have subsequently confirmed that all recommendations arising from this review have now been implemented.