

ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	ARGYLL & BUTE HEALTH & SOCIAL CARE PARTNERSHIP
AUDIT DESCRIPTION	SYSTEM BASED AUDIT
AUDIT TITLE	ADULT CARE – CHARGING SCHEME – WAIVERS
AUDIT DATE	JUNE 2016

2016/2017



1. BACKGROUND

A review of Adult Care, Charging Scheme – Waivers policy within the Health and Social Care Partnership has been planned as part of the 2016/2017 Internal Audit programme.

There is no duty placed upon councils to charge for community care services, they are currently empowered by the statute to make decisions about whether or not to charge for community care services, and, if they choose to, to develop and administer local charging policies. COSLA's national strategy and guidance on charges applying to non-residential social care services states that charging policies should define the financial decision making processes that ensure the personal, social and economic circumstances of individuals are given due regard in determining whether charges should apply.

Under the provisions of the Community Care and Health (Scotland) Act 2002 and the Community Care (Personal and Nursing Care) Scotland Regulations 2002, local authorities are no longer able to charge individuals aged 65 and over for the personal care element of care at home services. Other, non-personal care remains chargeable and local authorities need to provide clear, good quality information to older people and their carers on their charges for care at home services. Argyll and Bute Council operate a Charging Policy and the financial assessment will determine the cost of home care services. In cases of particular hardship, the Area Manager Adult Services has delegated authority to waive or abate all or part of the charges for the services provided.

As at mid-May, there were 355 people contributing towards their community based care services (note that this excludes telecare charges which are separate). The 2016/2017 budget income for care at home services is approximately £646k.

2. AUDIT SCOPE AND OBJECTIVES

The main objective of the audit is to review the key controls including, application of policy and internal control environment for the Council's Charging Scheme – Waivers policy in respect to adult care. Controls will include:

- Authority – Roles and delegated responsibilities have been identified and are documented;
- Occurrence – Sufficient documentation exists to evidence compliance with policies and procedures;
- Completeness – Documentation is accurately and fully maintained;
- Measurement – Policies and procedures are in line with requirements of relevant legislation or guidance;
- Timeliness – Policies and procedures are regularly reviewed and waivers are applied timeously;

Regularity – Documentation is complete, accurate and not excessive; it is stored securely and made available only to appropriate members of staff.

3. RISKS CONSIDERED

- Failure to ensure that all service users are treated equally and fairly
- Failure to provide support to vulnerable adults to sustain them in the Community
- Failure to identify compensating resource where waivers are applied

4. AUDIT OPINION

The level of assurance given for this report is No Assurance.

Level of Assurance	Reason for the level of Assurance given
High	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with. A sound system of control is in place designed to achieve the system objectives and the controls are being consistently applied.
Substantial	Internal Control, Governance and management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk and where specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal Control, Governance and management of risk are broadly reliable, however although not displaying a general trend there are a number of areas of concern which have been identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.
Limited	Internal Control, Governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.

No Assurance	Internal Control, Governance and management of risk is poor, significant residual risk exists and/ or significant non-compliance with basic controls leaves the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.
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This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:-

<p>High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;</p> <p>Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;</p> <p>Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.</p>
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5. FINDINGS

The following findings were generated by the audit:

- A Charging Policy is in place and was available for review. The policy is available on the Social Work SharePoint site and is accessible to all staff.

Roles and Responsibilities

- Roles and responsibilities have been identified in the Council Charging Policy in terms of authorisation of waiver or abatement of charges. There are two short paragraphs outlining the authority given to managers to waive or abate charges under financial hardship and there are brief details of the authorisation procedure to be followed in such cases. The Charging Policy states that in order to ensure that the authority to waive charges is used appropriately and consistently across Adult Services, Service Managers and finance staff will review all applications for waivers. It was found that waiver applications are reviewed and authorised by Social Work management, however it was noted that finance staff do not review applications.
- Although roles and responsibilities have been identified for the authorisation and review of applications for waiver and abatement of charges, roles and responsibilities in terms of the collation and recording of information was unavailable. It was found that within the four Area Teams visited (Helensburgh & Lomond/Bute & Cowal/Mid Argyll, Kintyre and Islay and Oban Lorne and the Isles) Social Work staff and area finance staff were unclear of their responsibility for recording client information in respect of charging waivers and abatements.
- It has been evidenced that the Charging Policy has been updated to reflect the charges approved by Council as part of the budget setting process; however the policy has not been updated to reflect the new staffing structure within the Health & Social Care Partnership.

Procedures – Documentation

- There is no procedural document to support the application of the Charging Policy; therefore we were unable to verify compliance to procedures.
- There is a standard financial assessment form (CBC Form) which is completed for clients assessed as requiring a care service; this includes a standard application form for the waiver or abatement of charges. It was found that the financial forms were available for each client sampled.

Records

- Record keeping is fragmented in respect of charging waivers and abatement. Area Teams were unable to provide a full list of clients in receipt of a charging waiver or abatement. A lack of clearly defined roles and responsibilities contributed to poor record keeping.
- There is no standard financial recording system for waivers or abatement of charges. It was found that in each of the Area Teams different methods of recording information had been adopted. We were unable to verify whether the records provided were complete and accurate records.
- There is no financial overview of the value of the waiver and abatement of charges throughout the Council.
- The Charging Policy requires that a budget be identified for the waiver or abatement of charges; it was found that this was not being adhered to.
- There is no financial reporting or monitoring systems in place in respect of waiver and abatement of charges.

Policies and Procedures

- Where a supported person has difficulty meeting the approved cost of the service due to their financial circumstances COSLA (Convention of Scottish Local Authorities) recommends that Councils use their powers to abate or waive charges on a case by case basis. COSLA does not issue guidance on how these powers should be applied, however recommends that all local authorities provide adequate information on their policies for waiving and abating charges, including details of the processes by which the authority considers such requests. The information in the Council's policy with regards to its processes and procedures for considering the waiver or abatement of charges is limited and does not provide adequate information.
- The Council's Charging Policy outlines the basis of waivers and abatements as being 'financial hardship'. However, it was found that waiver and abatement of charges are authorised where a client would refuse the service on the basis of the charge and where there is an assessment that the client would be deemed at risk without a service.
- Current procedures and communication arrangements between Social Work staff and area finance staff is limited resulting in a residual risk of charges not being applied.
- Client information is being stored securely either on CareFirst, on the Council network drive or in locked filing cabinets.

6. CONCLUSION

This audit has provided no level of assurance. There were a number of recommendations for improvement identified as part of the audit and these are set out in Appendix 1 and Appendix 2. There are 11 high recommendations set out in Appendix 1 which will be reported to the Audit Committee. There is 1 low recommendation which is not reported to the Audit Committee. Appendices 1 and 2 set out the action management have agreed to take as a result of the recommendations, the persons responsible for the action and the target date for completion of the action. Progress with implementation of actions will be monitored by Internal Audit and reported to management and the Audit Committee.

Thanks are due to the Adult Care staff and management for their co-operation and assistance during the Audit and the preparation of the report and action plan.

APPENDIX 1 ACTION PLAN

Findings	Risk Impact	Rating	Agreed Action	Responsible person agreed implementation date
1. Roles and Responsibilities		High/ Medium or Low		
Finance staff do not review applications for the waiver and abatement of charges as required in the Charging Policy.	Failure to adhere to agreed policy leading to non-compliance resulting in ineffective use of resources.	High	Amend the policy to remove the requirement for strategic finance to audit every application and replace with a 4 monthly audit of waiver applications to be completed by Strategic Finance based on a sample of applications covering the affected localities.	Principal Accountant – Integration Services 30th September 2016
2. Roles and Responsibilities		High/ Medium or Low		
Staff are unclear of their responsibility for recording client information in respect of charging waivers and abatements.	Failure to clearly define roles and responsibilities may lead to poor performance resulting in ineffective decision making.	High	To be resolved through the development of an appropriate recording and reporting system to be deployed centrally for use by the relevant staff and managers.	Principal Accountant – Integration Services 30th September 2016

3. Procedures		High/ Medium or Low		
There is no procedural document to support the application of the Charging Policy.	Failure to have documented formal procedures and processes may lead to poor performance resulting in ineffective decision making.	High	Preparation of a process flow which details the process to be followed by staff across the service in relation to charging for non-residential care services.	Principal Accountant – Integration Services 30th September 2016
4. Recording		High/ Medium or Low		
There is no standard financial recording system for waivers or abatement of charges which have been approved.	Failure to have a consistent method of recording information may lead to poor performance resulting in ineffective decision making.	High	To be resolved through the development of an appropriate recording and reporting system to be deployed centrally for use by the relevant staff and managers.	Principal Accountant – Integration Services 30th September 2016
5. Completeness of Documentation		High/ Medium or Low		
There is no comprehensive list of clients in receipt of waivers or abatement of their charges.	Failure to maintain accurate and complete records may lead to the misreporting and misinterpretation of data resulting in ineffective decision making.	High	To be resolved through the development of an appropriate recording and reporting system to be deployed centrally for use by the relevant staff and managers.	Principal Accountant – Integration Services 30th September 2016

6. Financial Overview		High/ Medium or Low		
There is no financial overview of the value of the waiver and abatement of charges throughout the Council.	Lack of financial information leads to ineffective decision making and potential financial consequence.	High	To be resolved through the development of an appropriate recording and reporting system to be deployed centrally for use by the relevant staff and managers.	Principal Accountant – Integration Services 30th September 2016
7. Budgets		High/ Medium or Low		
Budgets are not identified as required in the Charging Policy	Failure to maintain accurate and complete records may lead to the misreporting and misinterpretation of data resulting in ineffective decision making.	High	Amend the policy to remove this requirement and replace with reporting from the new waiver recording system.	Principal Accountant – Integration Services 30th September 2016
8. Reporting		High/ Medium or Low		
There is no financial reporting or monitoring systems in place in respect of waiver and abatement of charges.	Failure to monitor and report may leads to poor decision making resulting in ineffective use of resources.	High	To to be resolved through the development of an appropriate recording and reporting system to be deployed centrally for use by the relevant staff and managers.	Principal Accountant – Integration Services 30th September 2016

9. Information		High/ Medium or Low		
Council Charging Policy does not provide adequate information.	Failure to provide adequate information results in inconsistent decision making resulting in ineffective use of resource.	High	Review and amend customer information leaflet as required to ensure that customers have all the relevant information they require.	Principal Accountant – Integration Services 30th September 2016
10. Completeness of Documentation		High/ Medium or Low		
Authorisation of waivers and abatements is not limited to financial hardship criteria.	Failure to have documented formal policies, procedures and processes may lead to inconsistent decision making resulting in ineffective use of resources.	High	Amend the policy to extend the range of circumstances in which a waiver or abatement may be considered.	Principal Accountant – Integration Services 30th September 2016
11. Communication		High/ Medium or Low		
Internal communication between Social Work staff and area finance staff is inadequate.	Failure to ensure appropriate communication protocols leads to misreporting and misinterpretation of data resulting in poor decision making.	High	This action will be addressed through the development of the detailed process flow referred to in item 3 above.	Principal Accountant – Integration Services 30th September 2016



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