

ARGYLL & BUTE COUNCIL

Internal Audit Section

INTERNAL AUDIT REPORT

CUSTOMER DEPARTMENT	ARGYLL & BUTE HEALTH & SOCIAL CARE PARTNERSHIP
AUDIT DESCRIPTION	RISK BASED AUDIT
AUDIT TITLE	REVIEW OF CLIENT ACCOUNTS 2017/18
AUDIT DATE	JUNE 2017

2017/2018



1. BACKGROUND

This report has been prepared as part of 2017/18 risk based Internal Audit Annual Plan and has been conducted in accordance with relevant auditing standards. The report is based on discussions with key personnel and information available at the time of the Audit.

Individuals/organisations can apply for the right to deal with the benefits of someone who can't manage their own affairs because they're mentally incapable or severely disabled. Only 1 appointee can act on behalf of someone who is entitled to benefits (the claimant) from the Department for Work and Pensions (DWP).

An appointee can be:

- an individual, eg a friend or relative
- an organisation or representative of an organisation, eg a solicitor or local council.

The Council will complete a referral form to request a DWP assessment of a client whom they think may be incapable of managing their own benefits, DWP will then arrange a visit to the client to assess whether an appointee is required and appointeeship will be arranged where appropriate.

Currently, there is one client account operated by the Council and is situated in the Helensburgh social work department. The Local Authority currently acts as DWP appointee for 8 clients who are receiving benefits only and who have no savings. These clients do not have capacity to manage their own affairs and there is no other person (e.g. friend or relative) suitable or willing to take on this role. It has been noted that there are currently no other client accounts operating across the Council.

2. AUDIT SCOPE AND OBJECTIVES

The main objective of the audit was to assess the adequacy of the control environment with regards to the operation of Mental Health client accounts.

Internal audit reviewed the process and procedures in place and a site visit was undertaken to Helensburgh Social Work office, where the client account is operated. Testing was undertaken to assess compliance with the documented process and check that controls are in place and operating effectively in practice.

The following control areas were reviewed as part of the audit process:

Control Objective	Control Objective Assessment
Authority - Roles and delegated responsibilities are documented in policies and procedures and are operating well in practice	There is no formal documented procedure in place which details the roles and responsibilities in relation to the client account process.
Occurrence - Sufficient documentation exists to evidence compliance with policies, procedures and relevant legislation	A local process is in place and is followed by administrative staff; however there is no agreed overarching policy in place. Records and supporting documentation were available on request.
Completeness - Policies and procedures are aligned to relevant legislation and /or good practice and all required documentation is accurately and fully maintained	A local process is in place and is followed by administrative staff; however there is no agreed overarching policy in place.
Measurement - Policies and procedures are in line with requirements of relevant legislation	A local process is in place and is followed by administrative staff; however there is no agreed overarching policy in place.
Timeliness – Documentation is regularly reviewed and updated where necessary.	Monthly reviews and reconciliations are carried out; however these have not been independently reviewed by a second member of staff.
Regularity – Documentation and records are complete, accurate and not excessive and compliant with the data retention policy. It is stored securely and made available only to appropriate members of staff.	Current records and supporting documentation reviewed were complete and accurate. Records and funds were held securely and appropriate access and authorisation controls were in place.

3. RISKS CONSIDERED

ORR - AC02: Failure to safeguard vulnerable adults

SRR - Risk08: Reputation

Audit Risk: Failure to ensure people have positive service-user experiences

Audit Risk: Failure to ensure controls are in place in respect of cash handling

4. AUDIT OPINION

The level of assurance given for this report is Reasonable.

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.

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:-

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;

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;

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.

5. FINDINGS

The following findings were generated by the audit:

Current Process

- A recognised process is in place, which, subject to the control issues identified is deemed adequate; however, there is no approved policy/procedure in place which covers the entire client account process.

Control Environment

- Current records and supporting documentation reviewed were found to be complete and accurate. Records and funds were held securely and appropriate access and authorisation controls were in place.
- The movement of monies was detailed on a daily sign in/out sheet. The transactions on these sheets were signed by the relevant administrative team member, the client's case worker & the client.
- Monthly reconciliations are carried out between the bank account and each individual client's daily sign in/out sheet. These reconciliations have not been signed as being independently reviewed.

- Imprest funds are also held in the client bank account and there were 2 instances where money was borrowed from the imprest in order to pay clients. This was paid back from clients' fund following the next trip to the bank.
- Client funds are held securely in the office, and access is limited to appropriate personnel; however, it was noted that the office safe holds a significant level of funds which is in excess of the agreed insurance threshold. The current insurance arrangements require that safes regularly holding in excess of the threshold must be detailed separately on the insurance documents.

Observations

We have also highlighted to management the following observations which have been identified during the review. Although not included in the scope the matters were brought to auditor's attention during the audit and either indicate a potential risk exposure and /or could be considered as a matter of good practice and therefore noted for information and completeness:

- There is currently one bank account used to hold funds for 8 clients. Record keeping was well maintained and transactions were easily identified for individual clients. Management should consider the adequacy of maintaining one account if the level of clients increases in future.
- 2 members of staff are required to attend the bank (in Dumbarton) to withdraw funds for paying clients and there are occasions when this can be difficult due to staff availability.

6. CONCLUSION

This audit has provided a Reasonable level of assurance as Internal Control, Governance and Management of risk is broadly reliable, however, although not displaying a general trend there are a number of areas of concern which have been identified. There were a number of findings identified as part of the audit and these, together with agreed management actions, are set out in the attached action plan. There are 3 actions which will be reported to the Audit Committee. Progress with implementation of actions will be monitored by Internal Audit and reported to management and the Audit Committee.

Thanks are due to 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. Availability of procedure note		High/ Medium		
The client account process is not documented in a formal procedure note.	Failure to ensure appropriate guidance is readily available to staff may lead to inefficient and ineffective operations.	Medium	A formal procedure document detailing the full client account process will be created.	Admin officer Helensburgh/Team Leader, Mental Health 31 October 2017
2. Imprest funds				
Imprest funds are held in the client bank account and there were 2 instances where money was borrowed from imprest in order to pay clients.	Failure to ensure council and client funds are recorded separately may result in misappropriation of clients' and council assets.	Medium	Management to arrange for a separate bank account for imprest funds and issue instruction to staff to ensure funds are not borrowed from imprest in the future.	Admin Officer Helensburgh 30 September 2017
3. Insurance arrangements				
The level of funds held within the safe is in excess of the agreed insurance threshold.	Failure to ensure appropriate insurance arrangements are in place may lead to financial loss.	Medium	Management to liaise with the insurance team to ensure safe is detailed appropriately on the council's insurance documents.	Admin Officer Helensburgh 31 July 2017



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