Internal Audit

"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes". Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council's Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Background and Introduction

This audit was carried out as part of the audit plan for 2015/16, which was approved by the Audit Committee on 1 April 2015.

Perth and Kinross Council Community Care Services deliver support for older people matching individual need by assessment to ensure provision of support including residential care services. Provision incorporates residential care homes for people for whom living in their own home, even with support, is no longer a practical option.

Housing & Community Care Finance and Admin Manual, which was approved by the Senior Management Team on 29 September 2014 is in operation incorporating procedures that comply with the Financial Regulations. The Housing and Community Care Internal Control Team carry out a programme of visits to residential care homes throughout the year. Visits incorporate checks to determine whether establishment controls in place fulfil the requirements of the procedures.

Dalweem Care Home has accommodation for up to 16 clients; at present two of these rooms are allocated to short stay clients, with the remaining 14 dedicated to permanent care. There are two wings, each comprising of eight bedrooms each. Each unit comprises of its own lounge area and a small kitchen; both of which have tea and coffee making facilities, a toaster and fridge, two wing toilets and a bathroom with either a Parker bath or Malibu bath with chair access. Each bathroom has a separate shower area. These are all equipped with Disabled facilities.

Scope and Limitations

In order to arrive at an opinion on the achievement of the control objective, the auditor visited Dalweem Care Home, interviewed staff and reviewed the financial administration arrangements in place.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure that arrangements in place for the financial administration of an establishment comply with laid down procedures.	
Auditor's Comments: Finance and Admin Manual Testing confirmed that the home's income is adequately documented, authorised and receipted and that cash balances are checked in accordance with procedures and held securely. The current Finance and Admin Manual is dated September 2014 but at the time of visit the 2002 manual was being followed. Resident's Personal Account Form (F2 form) A resident's personal account form (F2 form) should be maintained for every resident. Audit tests confirmed that with one exception, residents had a fully completed, up to date, adequately authorised F2 form. In addition 4 resident's cash balances on occasion exceeded the £100 limit which is not in accordance with agreed procedures Comfort Funds At the time of the audit the comfort fund was not being administered as per the services Finance and Admin Manual. The annual accounts for 2014/15 were not available as the independent auditor had been unable to balance the spreadsheet with the bank account and cash in hand. In addition, the required fundraising licence for raffle ticket sales had not been obtained. Staff advised that they had not received any training in the completion of the comfort fund spreadsheet or cash handling.	
Strength of Internal Controls:	Weak

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of the officers at Dalweem Care Home during this audit.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Walker, Depute Chief Executive, Corporate & Community Development Services

J Gilruth, Director of Housing & Community Care

D Fraser, Joint Head of Community Care

C Johnston, Joint Head of Community Care

A Taylor, Head of Corporate IT & Revenues

P Kippen, Service Manager

F Crawford, Team Leader, Care Homes

N Copland, Business & Resources Manager

J Symon, Head of Finance

G Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment was J O'Connor. The supervising auditor was M Morrison.

This report is authorised for issue:

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Jacqueline Clark
Chief Internal Auditor
Date: 30 October 2015

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Comfort Funds	Critical
2	Residents Personal Account Form	Medium
3	Finance & Admin Manual	Medium

Appendix 2: Action Plan

Action Point 1 - Comfort Fund

At the time of the audit the comfort fund was not being administered as per the services Finance and Admin Manual.

The annual accounts for 2014/15 were not available as the independent auditor had been unable to balance the spreadsheet with the bank account and cash in hand. At the time of the audit, there appeared to be around £900 in cash unaccounted for. However, subsequently items of expenditure for which receipts were not held were identified to the sum of approximately £600.

Accounts were not prepared on a monthly basis and were not routinely presented to the Comfort Fund Committee.

The auditor found a pre-signed withdrawal slip within the Comfort Fund banking documentation.

There was evidence that raffle tickets have been sold to raise funds for the Comfort Fund, however no licence has been obtained under the Gambling Act 2005.

There is no formal procedure for administering the resident's tuck shop.

In addition, the Comfort Fund Constitution and bank signatories were out of date and neither the Constitution nor the minutes from meetings were displayed.

The Home stated that there had been no training provided on the Comfort Fund package and the clerical assistant had struggled with it. In addition, the Home stated that there had been no training provided on cash handling.

Despite the above weaknesses the Auditor was able to substantiate the Comfort Fund Income and Expenditure documentation over a three month period from 2015/16.

Management Action Plan

1. The Care Home will review the Finance and Admin Manual and ensure that the Dalweem's Comfort Fund is appropriately administered. Specifically,:

Accounts will be prepared on a monthly basis, checked, signed and dated by an appropriate person and submitted to committee meetings;

A procedure will be put in place for administering the resident's tuck shop;

The Constitution and bank signatories will be brought up to date;

The Constitution and meeting minutes will be displayed in the home;

The Home will apply as a matter of urgency for the appropriate licence for fundraising activities;

2. The pre-signed withdrawal slip has been destroyed and this will not occur again.

3. Additional training and support will be provided by Housing & Community Care's Internal Control team to all staff within the home for the management of comfort funds and cash handling

Importance:	Critical
Responsible Officer:	1. & 2. F Crawford, Team Leader, Care Homes 3. N Copland, Business & Resources Manager
Lead Service:	Housing & Community Care
Date for Completion (Month / Year):	1. December 2015 2. Completed 3. Ongoing until April 2016
Required Evidence of Completion:	1. Evidence of completion of specific actions 2. Not applicable 3. Evidence of continued engagement with the Care Home

Auditor's Comments

Satisfactory

Action Point 2 - Residents Personal Account Form

A resident's personal account form (F2 form) should be maintained for every resident. F2 forms were completed for all but one of the residents.

In addition four residents' cash balances on occasion exceeded the £100 limit, as documented in the Finance & Admin Manual.

Management Action Plan

F2 forms are to be completed in full for every resident.

The cash balances held for each client will be reviewed to ensure that they remain within the £100 limit.

Importance:	Medium
Responsible Officer:	F Crawford, Team Leader, Care Homes
Lead Service:	Housing & Community Care
Date for Completion (Month / Year):	November 2015
Required Evidence of Completion:	F2 form for resident Evidence of review of cash balances

Auditor's Comments

Satisfactory

Action Point 3 - Finance and Admin Manual

The current Finance and Admin Manual is dated September 2014 but at the time of visit to Dalweem Care Home the 2002 Manual was being followed.

Management Action Plan

The up to date Finance & Admin Manual will be followed.

Importance:	Medium
Responsible Officer:	F Crawford, Team Leader, Care Home
Lead Service:	Housing & Community Care
Date for Completion (Month / Year):	November 2015
Required Evidence of Completion:	Confirmation that current procedures being used.

Auditor's Comments

Satisfactory