

Internal Audit Report



Internal Audit Report
Housing & Community Care
15-43 Supported Living Teams
November 2015

Final Report

Chief Executive's Service
Finance Division
Perth & Kinross Council
Blackfriars Development Centre
North Port
Perth PH1 5LU

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 review was carried out as an addition to the approved audit plan for 2015/16 following concerns being raised about missing money.

The Supported Living Team (SLT) supports adults with learning disabilities to live in their own tenancies within the community. Some are single tenancy and some share with others. Support is given to each individual based on assessed needs. The SLT have in place procedures for assisting clients with managing their finances and those of joint tenancies, where appropriate.

Clients who wish to go on holiday are supported to ensure that their wishes can be provided for. Internal Audit was informed that there was an instance where money had gone missing in connection with a holiday to be taken by four supported living clients. The Service had undertaken an initial review and sought advice from Internal Audit.

Findings

A holiday was arranged for four SLT clients. The holiday consisted of flights, parking, accommodation and a pre-booked activity and was supported by SLT staff who accompanied the clients on the trip.

Payments were made in advance of the holiday from the joint tenancy account of one of the clients. The other tenants for whom the joint tenancy account exist did not go on the holiday. Money was paid out from this account and the clients then reimbursed the account to cover their portion of the costs.

The SLT’s procedures were not followed in full when transferring money from a client in one location to another location. As a result, cash which was handed over by a client did not reach the joint tenancy bank account. The controls in place did not prevent the money from going missing nor did they detect quickly that there was money outstanding from the client. The lack of control has resulted in staff on duty being vulnerable to allegations that money had been stolen. Furthermore, the reconciliation of money transferred between clients for a holiday was not undertaken timeously, with the result that a shared tenancy account had borne expenditure relating to a holiday that only one tenant had participated in.

The SLT had requested the assistance of the Internal Control team within Housing & Community Care to ascertain whether they were able to locate where the cash might be or to ascertain at what point the cash had gone missing. Subsequently, Internal Audit were contacted.

Scope and Limitations

The review concentrated on the controls in place within the SLT for the financial management of clients' monies and concentrated on the breakdown in control around the specific incident which resulted in money going missing. The financial management within the Supported Living Team as a whole has not been examined as part of this review and will be considered for inclusion in a future Internal Audit Plan.

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 the procedures in place for managing clients' funds within the Supported Living Team are adequate.	
<p>Auditor's Comments: Procedures are in place to manage funds on behalf of Supported Living clients. However these procedures were not being followed by all staff. These breaches allowed money to go missing over a period of time and for the missing money not to be identified as missing for a number of days. In addition, the breakdown has led to a number of staff and clients being vulnerable to the allegation that they had taken the money.</p> <p>There is scope to review the procedures and the application of these procedures to ensure that staff and clients are protected from allegations of theft. In addition, there is scope to review the usage on joint tenancy accounts to ensure that the funds do not accumulate unnecessarily.</p>	
Strength of Internal Controls:	Moderately 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.

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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 Supported Living Team and Internal control Officers within Housing & Community Care 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, Housing & Community Care

D Fraser, Joint Head of Community Care

C Johnstone, Joint Head of Community Care

A Taylor, Head of Corporate IT & Revenues

J Symon, Head of Finance

B Kinnear, Community Support Manager – Learning Disabilities

N Copland, Business & Resources Manager

G Taylor, Head of Democratic Services

P Dickson, Complaints and Governance Officer

External Audit

Authorisation

The auditor for this assignment was J Clark.

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 2 November 2015

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Control over cash	High
2	Provisions Account	High

Appendix 2: Action Plan

Action Point 1 - Control over cash

One client who was going on the holiday withdrew cash from his personal spending money and handed it to a member of staff to pay for the holiday. The member of staff signed his cash record sheet and took the money to the Blairgowrie supported living tenancy with a view to this money being banked into the joint tenancy bank account. However, there is no record of the money being deposited in the safe at the tenancy and the cash was not banked. The officer who signed for the cash stated that it had been placed in the safe; however there is no record of the deposit and no one witnessed the cash being deposited.

When it became apparent that the client had not paid his contribution to the holiday, an examination of the safe and associated records took place. The envelope containing the cash could not be located. A review of arrangements in place to ensure the safety of cash subsequently revealed that there were inadequate records of the contents of the safe. In addition, the safe was routinely left open by some staff, thus exposing the contents of the safe to residents, staff and any potential visitors to the house.

Management Action Plan

1. Cash transfers between client homes will cease with immediate effect. Where money is required to be transferred, this will be undertaken via a bank transfer.
2. The new arrangements will require that such transfers take place prior to the expenditure being incurred by the joint account.
3. The safe will be locked other than when the contents of the safe are being accessed.
4. The Supported Living Team's documented financial procedures will be updated accordingly and all staff will be trained in the new procedures.

Importance:	High
Responsible Officer:	B Kinnear, Community Support Manager – Learning Difficulties
Lead Service:	Housing & Community Care
Date for Completion (Month / Year):	November 2015
Required Evidence of Completion:	Revised procedures and evidence of training being received by all relevant staff.

Auditor's Comments

Satisfactory

Action Point 2 - Provisions Account

The balance held within the Joint Tenancy Account was in excess of £5,000. As the purpose of the account is for joint household bills etc. the current balance is excessive.

Management Action Plan

The balance on the account will be reduced to £500 with refunds being made to the tenants.

In addition, a review of all joint tenancy accounts will be undertaken to ensure that the balances are not excessive and to bring in line with the £500 working limit.

Importance:	High
Responsible Officer:	B Kinnear, Community Support Manager – Learning Disabilities
Lead Service:	Housing & Community Care
Date for Completion (Month / Year):	October 2015
Required Evidence of Completion:	Confirmation of balance in Blairgowrie account Evidence of balance in other joint provisions account

Auditor's Comments

Satisfactory

