

# Moray Council

## Internal Audit Section

---

**DEPARTMENT:** Health & Social Care Moray

**SUBJECT:** Client Monies

**REPORT REF:** 22'011

Follow Up Audit Review

# Moray Council

## Internal Audit Section

---

| <b>Risk Ratings for Recommendations</b> |                                                                                                      |                 |                                                                                                 |                               |                             |                                                                                   |
|-----------------------------------------|------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|-----------------------------------------------------------------------------------|
| <b>High</b>                             | Key controls absent, not being operated as designed or could be improved. Urgent attention required. | <b>Medium</b>   | Less critically important controls absent, not being operated as designed or could be improved. |                               | <b>Low</b>                  | Lower level controls absent, not being operated as designed or could be improved. |
| <b>No.</b>                              | <b>Audit Recommendation</b>                                                                          | <b>Priority</b> | <b>Accepted<br/>(Yes/ No)</b>                                                                   | <b>Date of<br/>Completion</b> | <b>Status / Explanation</b> |                                                                                   |

# Moray Council

## Internal Audit Section

| <b>Key Control:</b><br>Clear and current policy documents and operational guidelines have been developed for the financial management of client monies. |                                                                                                                                                                                    |        |     |                                                                 |                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>5.01</b>                                                                                                                                             | The Procedures for Managing Service User's Money and Corporate Appointeeship should be reviewed and updated and a subsequent regular cycle of review maintained.                   | Medium | Yes | 31/10/2022<br>(Revised<br>Implementation<br>Date<br>30/06/2023) | Implemented. Procedures have been reviewed and updated and have been approved by the Senior Management Team at the end of September 2023. Review of the procedures has been scheduled for October 2024.                                                          |
| <b>5.02</b>                                                                                                                                             | Procedures for the management of client monies should be promoted to ensure there is an awareness of their requirements by all officers involved in client finance administration. | Medium | Yes | 31/10/2022<br>(Revised<br>Implementation<br>Date<br>30/06/2023) | Impl<br>emented. The new procedures have been distributed to all relevant officers immediately following their approval and are available electronically for ease of reference on the Adult Social Care Policies and Procedures page of the Council Interchange. |

# Moray Council

## Internal Audit Section

| <b>Risk Ratings for Recommendations</b>                               |                                                                                                                                                                                                                                                                                                                                                                               |                 |                                                                                                 |                           |                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>High</b>                                                           | Key controls absent, not being operated as designed or could be improved. Urgent attention required.                                                                                                                                                                                                                                                                          | <b>Medium</b>   | Less critically important controls absent, not being operated as designed or could be improved. | <b>Low</b>                | Lower level controls absent, not being operated as designed or could be improved.                                                                                                                                                                                                                                 |
| <b>No.</b>                                                            | <b>Audit Recommendation</b>                                                                                                                                                                                                                                                                                                                                                   | <b>Priority</b> | <b>Accepted (Yes/ No)</b>                                                                       | <b>Date of Completion</b> | <b>Status / Explanation</b>                                                                                                                                                                                                                                                                                       |
|                                                                       |                                                                                                                                                                                                                                                                                                                                                                               |                 |                                                                                                 |                           |                                                                                                                                                                                                                                                                                                                   |
| <b>Key Control:</b>                                                   |                                                                                                                                                                                                                                                                                                                                                                               |                 |                                                                                                 |                           |                                                                                                                                                                                                                                                                                                                   |
| Correct formal powers to administer client monies have been obtained. |                                                                                                                                                                                                                                                                                                                                                                               |                 |                                                                                                 |                           |                                                                                                                                                                                                                                                                                                                   |
| <b>5.03</b>                                                           | <p>Clarification should be obtained from Legal Services regarding the length of time funds must be retained on behalf of deceased clients and potential action which can be taken should the funds not be claimed within the timeframe.</p> <p>Consideration should also be given to holding these funds separate to the corporate bank account for increased visibility.</p> | Medium          | Yes                                                                                             | 31/10/2022                | <p>Implemented. A process is now in place for active pursual of estate settlement and referral to National Ultimus Haeres Unit to aid fund dispersement where applicable.</p> <p>A separate balance record is being maintained for increased visibility of deceased client funds and to record actions taken.</p> |

# Moray Council

## Internal Audit Section

| <b>Risk Ratings for Recommendations</b>                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                        |                 |                                                                                                 |                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>High</b>                                                                                                                                                                                                                                                  | Key controls absent, not being operated as designed or could be improved. Urgent attention required.                                                                                                                                                                                                                                                   | <b>Medium</b>   | Less critically important controls absent, not being operated as designed or could be improved. | <b>Low</b>                                                      | Lower level controls absent, not being operated as designed or could be improved.                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>No.</b>                                                                                                                                                                                                                                                   | <b>Audit Recommendation</b>                                                                                                                                                                                                                                                                                                                            | <b>Priority</b> | <b>Accepted (Yes/ No)</b>                                                                       | <b>Date of Completion</b>                                       | <b>Status / Explanation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                        |                 |                                                                                                 |                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Key Control:</b>                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                        |                 |                                                                                                 |                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| All transactions should be for benefit of the client with justifiable supplier selection, verified to source documentation and in line with the client's Financial Management Plan. Any cash held is done so securely and with full accounting arrangements. |                                                                                                                                                                                                                                                                                                                                                        |                 |                                                                                                 |                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>5.04</b>                                                                                                                                                                                                                                                  | Due to changes in operating practices a full review of current cash handling procedures should be undertaken. The review should include a risk assessment to ensure best practices are followed regarding the safety and security of both officers and client funds. Documented procedures should thereafter be updated to reflect any agreed changes. | High            | Yes                                                                                             | 31/07/2022<br>(Revised<br>Implementation<br>Date<br>31/07/2023) | Part<br><br>Implemented. Elements of the cash handling procedures have been reviewed and practices revised to increase safety and security of client funds. A full review is not deemed practical at this point due to an impending service review and potential office relocations but will be undertaken once the future administration arrangements for client funds are determined. The Senior Management Team have accepted the risk of current practices in the interim |

# Moray Council

## Internal Audit Section

| <b>Risk Ratings for Recommendations</b>                          |                                                                                                                                                                                                                                                      |                 |                                                                                                 |                           |                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>High</b>                                                      | Key controls absent, not being operated as designed or could be improved. Urgent attention required.                                                                                                                                                 | <b>Medium</b>   | Less critically important controls absent, not being operated as designed or could be improved. | <b>Low</b>                | Lower level controls absent, not being operated as designed or could be improved.                                                                                                                                                                                                                                                                                                     |
| <b>No.</b>                                                       | <b>Audit Recommendation</b>                                                                                                                                                                                                                          | <b>Priority</b> | <b>Accepted (Yes/ No)</b>                                                                       | <b>Date of Completion</b> | <b>Status / Explanation</b>                                                                                                                                                                                                                                                                                                                                                           |
|                                                                  |                                                                                                                                                                                                                                                      |                 |                                                                                                 |                           | period.                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Key Control:</b>                                              |                                                                                                                                                                                                                                                      |                 |                                                                                                 |                           |                                                                                                                                                                                                                                                                                                                                                                                       |
| Robust records of fund administration per client are maintained. |                                                                                                                                                                                                                                                      |                 |                                                                                                 |                           |                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>5.05</b>                                                      | Confirmation of the monthly reconciliation of the Corporate bank account to manual records should be undertaken by Community Care Finance management. This should also include the verification of a sample of transactions to source documentation. | High            | Yes                                                                                             | 31/05/2022                | Implemented. There is now a monthly management check of the corporate bank account reconciliation and a sample of transactions are independently checked for validity. The follow-up exercise has resulted in further enhancements to the management check being advised such as types of transactions for increased focus, which will increase the strength of the scrutiny process. |

# Moray Council

## Internal Audit Section

---

| <b>Risk Ratings for Recommendations</b> |                                                                                                      |                 |                                                                                                 |                           |                                                                                   |
|-----------------------------------------|------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------|---------------------------|-----------------------------------------------------------------------------------|
| <b>High</b>                             | Key controls absent, not being operated as designed or could be improved. Urgent attention required. | <b>Medium</b>   | Less critically important controls absent, not being operated as designed or could be improved. | <b>Low</b>                | Lower level controls absent, not being operated as designed or could be improved. |
| <b>No.</b>                              | <b>Audit Recommendation</b>                                                                          | <b>Priority</b> | <b>Accepted (Yes/ No)</b>                                                                       | <b>Date of Completion</b> | <b>Status / Explanation</b>                                                       |
|                                         |                                                                                                      |                 |                                                                                                 |                           |                                                                                   |