

AUDIT REPORT 22'011

CLIENT MONIES

Executive Summary

The annual audit plan for 2021/22 provides for an audit review to be undertaken of how Health and Social Care Officers manage income held for individuals under Corporate Appointeeship arrangements. Where no alternative exists, the Council can make an application to the Department for Work and Pensions (DWP) for a named officer to become the 'Corporate Appointee' and have the legal authority to manage an individual's personal finances.

The Adults with Incapacity (Scotland) Act 2000 enables a Health and Social Care Officer to be appointed by the DWP to have "Corporate Appointeeship" responsibility for managing the benefits received by an individual. It was noted that other formal agreements do exist, e.g. Access to Funds Scheme, Intervention or Guardianship orders, but a review of these arrangements were not included within this review. It was found that 59 individuals are being managed within the "Corporate Appointeeship" Scheme with a combined value of £483,000 held within the Council's corporate bank account.

The audit has involved scrutiny of processes undertaken by the Community Care Finance Team in how they administer the corporate bank account. In addition, a sample of individuals was also selected, and a check made as to how the Health and Social Care Officer appointed as the named "Corporate Appointee" manages and supports individuals to access their funds appropriately.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS).

The review has highlighted the following areas for improvement:-

- Due to the requirements of remote working and pandemic restrictions, the withdrawal of cash for clients has moved to a 4-weekly cycle. This has resulted in changes in operating practices. A risk assessment review of current arrangements should be undertaken to ensure best practices are followed for the protection of both employees and the client's finances. Once this is carried out, procedures require to be updated to reflect the agreed operating arrangements.
- A lack of segregation of duties exists with the bank reconciliation being prepared by the same officers who operate the account on a daily basis. An independent management check should be included within this process.
- The audit notes that the corporate bank account included £80,482 of funds in relation to the combined balances of 10 deceased clients. Some of these funds have been held for a period of up to 4 years with no contact made by any executor of the deceased clients. Clarification should be obtained from Legal Services regarding the length of time funds must be retained on behalf of deceased clients and potential action that could be taken should the funds not be claimed within the timeframe.

Recommendations

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Clear and current policy documents and operational guidelines have been developed for the financial management of client monies.						
5.01	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	Procedures will be reviewed to incorporate improvements and changes to practice.	Commissioning Manager	31/10/2022
5.02	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	Procedures will be appropriately promoted to relevant officers after revision.	Commissioning Manager	31/10/2022

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High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.	Low	Lower level controls absent, not being operated as designed or could be improved.	
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Correct formal powers to administer client monies have been obtained.						
5.03	<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	Clear guidance will be requested from Legal Services in order to be able to conclude deceased estates. This will be added to procedures to ensure deceased client monies are not being held in the corporate bank account beyond acceptable timescales.	Community Care Finance Officer / Support Manager	31/10/2022

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: 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.						
5.04	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	Options to be prepared for discussion by the Practice Governance Group to agree cash handling procedures and practices which increase security whilst being practical within operational capacity.	Community Care Finance Officer / Support Manager	31/07/2022
Key Control: Robust records of fund administration per client are maintained.						
5.05	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	A four-weekly management review will be implemented and added to the revised procedures.	Community Care Finance Officer / Support Manager	31/05/2022