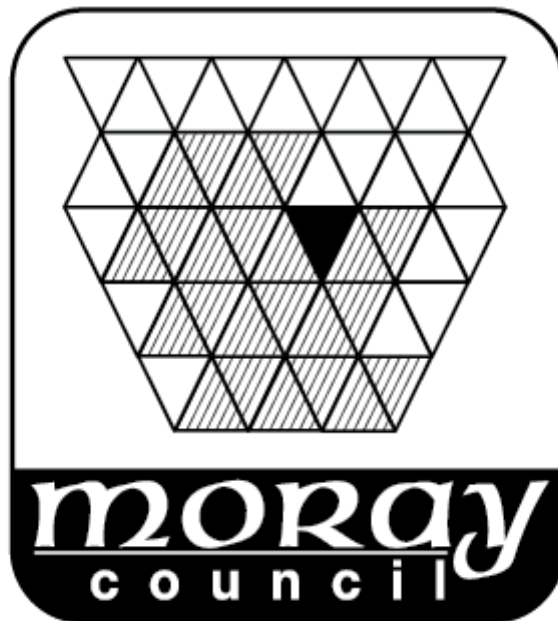


Moray Council  
Internal Audit Section

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Appendix 1

Occupational Therapy Store  
Final Report



# Moray Council

## Internal Audit Section

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**DEPARTMENT:** Education and Social Care

**SUBJECT:** Occupational Therapy Store

**REPORT REF:** 20'018

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### 1. Executive Summary

The annual Internal Audit plan for 2019/20 provided for a review to be undertaken of the Occupational Therapy (OT) Store.

Occupational Therapy stocks comprise aids and equipment issued to service users to help with various daily tasks including cooking, dressing and bathing. The individual items of equipment held can vary in value from a few pounds to upwards of £1,000 for certain type of hoists, specialised seating etc. The total stock turnover for 2018/19 amounted to just over £500,000. A particular feature of this store is that it also deals with returns of equipment that is no longer required and, where possible, this equipment is decontaminated and made available for reuse.

The audit used the Chartered Institute of Public Finance (CIPFA) System Based Control Matrices as the basis for developing the audit programme. This included looking at overall management arrangements for the store covering purchases, issues and security access arrangements. It also considered the controls around use of the stores management software system (the Equipment Loans Management System known as ELMS).

The audit noted the challenges facing the service in terms of providing timely support to individuals with a diverse range of needs, but concluded that there is further work to be done to improve the operation of the store and the stores system to ensure optimal performance is achieved.

Areas highlighted as requiring particular attention were as follows:

- details of orders processed and invoices paid are not recorded through ELMS but through another software application within the Council. For completeness it would be preferable for ELMS to be used for all stock related processes; this has not been achieved and thus management information and reporting from the system is only partial.
- from audit sample testing, there was a higher than expected number of variances between the stocks identified as held in the stores system and the actual physical stock held in the store, an illustration of the effects of operating with a less than fully functioning stores system
- while stock other than consumable items had been bar-coded, the stores layout was in need of improvement as it was difficult to locate some of the items selected; also 'additional' items were noted that were not part of stock and for these there needs to be a determination as to future use or disposal.

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More widely, it is considered that there are opportunities to evaluate how the store functions, for example by exploring just in time deliveries for 'routine' lower value items, limiting stock held to specialist items, and developing systems and procedures to aid staff who deliver the service. In this regard, it is considered there is good practice within other stores operated within the council and there is potential for this to be exploited as a means of securing the improvements required.

### 2. Introduction

Occupational Therapy Stock relates to aids and adaptations equipment that is issued to service users to help with daily tasks such as cooking, dressing and bathing. The purpose of this audit was to review systems and practices operating to provide and record occupational equipment issued to Service Users.

### 3. Audit Scope

The annual Internal Audit plan for 2019/20 provided for a review to be undertaken of the Occupational Therapy (OT) Stores. The purpose of the audit was to compare stock records to the actual equipment held within Stores. In addition the audit also included a review of the procedures undertaken for the ordering and issue equipment to Service Users.

### 4. Summary Assessment

The Internal Audit Section will provide Management with an opinion on the internal control environment based on four categories of classification:

<b>Assurance Level</b>	<b>System and Testing Conclusion</b>
Full	The controls tested are being consistently applied
Substantial	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited	The level of non-compliance puts the system objectives at risk.
None	Significant non-compliance with basic controls leaves the system open to error or abuse.

Our assessment in terms of the design of and compliance with, the system of internal controls for Occupational Therapy Stores as limited by the scope of the audit is set out below:

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System Assessment	Testing Assessment
Limited	None

The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed.

### 5. Findings

The main issues raised for management consideration are:

- 5.1 A discrepancy rate of approximately 75% was noted from a check made to compare the equipment physically held within Stores to the recorded stock figure detailed within ELMS.
- 5.2 It was noted that equipment can be written off and disposed without supervisory authorisation. The officer responsible for cleaning of returned equipment is able to write off the item within ELMS without further authorisation requirements.
- 5.3 A visit to Stores found locating individual items of equipment time consuming due to where items had been stored within the building. The actual location of the equipment was found not to be clearly labelled within the building and the same type of equipment not always kept in the same place.
- 5.4 Access to OT equipment within the Stores Building is not restricted. CIPFA guidance recommends that some kind of barrier or restriction should be installed to control access to only authorised officers.
- 5.5 It was noted that the ELMS does not distinguish between new and recycled items of equipment. It had previously been agreed that items of equipment issued and then returned to Stores are revalued at 50% of the unit price.
- 5.6 Discussions with officers noted that sometimes items are returned to Stores without being used. Further consideration should be undertaken to define a more detailed procedure regarding the valuation of items returned to Stores for re-issue.

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- 5.7 OT equipment is issued on loan from Stores to Service Users. There is no transfer of ownership from the Council to the Service User. In order to avoid any ambiguity, consideration should be given that Service Users sign a declaration confirming responsibility for the item and any further terms and conditions that would assist in the management of equipment.
- 5.8 Testing noted an example where equipment was recorded within ELMS as waiting to be delivered. However, when checked, the Service User stated that the item had already been installed. Further investigation noted approximately 150 items of equipment that were recorded within ELMS as “failed scans”. The current status and location of these items of equipment will require further investigation.
- 5.9 During the audit visit to Stores, a separate room was noted that was full of OT type equipment. Enquiries with officers noted that this equipment had not been recorded within ELMS and officers within Stores had no involvement regarding maintenance, storage etc. It is believed that the equipment may be an accumulation of various items collected from educational establishments.
- 5.10 It was noted there is no agreed procedure for informing Stores of a change in circumstance regarding a service user condition that results in no longer requiring an item of equipment. Currently, an informal system operates where Stores are informed if an item of equipment requires collection.
- 5.11 It was found that where an item of equipment is no longer required and a Service User has either disposed of or refused to return the item, there is no procedure for recovering the cost from the Service User.
- 5.12 It was noted that ELMS is used for the issue and management of OT equipment, while the ordering of the item is undertaken through Tranman. The completion and sending of the Tranman order to a supplying company is undertaken by an Administration Officer within the Stores office. Authorisation for the purchase may be received through an ELMS request authorised by the OT Team Manager or an OT Advanced Practitioner. However, the Storeman may also provide a list of regularly used items that require to be re-ordered.
- 5.13 Audit testing to verify the accuracy of the Stores records noted equipment with a unit value greater than £20 that had not been bar coded with an individual Asset Number. Agreed procedures require equipment with a unit value greater than £20 to have an individual bar code.

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- 5.14 No review has been undertaken regarding the security measures to safeguard the equipment held within the Stores building. It was also noted that the building is not alarmed. The gross value of all the equipment held within Stores can exceed £100,000.
- 5.15 Investigation of ELMS and discussions with the Occupational Therapy Team Manager noted that no management or exception reports are produced to provide greater analysis of the equipment held with regard to valuation, age, turnover etc.
- 5.16 Enquiries with the Council Insurers noted that equipment issued to a Service User and kept within their own property is not covered by the Council's Insurance Policy. Service Users have not been informed of any requirement to have adequate insurance cover for equipment within their property.
- 5.17 A review of the user access profiles to ELMS noted the following points:-
- A number of generic access user accounts in operation.
  - A number of accounts have been established with supervisor access.
  - Examples noted of users no longer in the employment of the Council. The employment status of users employed by the NHS is unclear.
- 5.18 It was noted that documented procedures exist regarding the operation of ELMS. However, there is no internal procedures manual to complement the ELMS Systems Manual. An internal procedures manual would provide a point of reference to employees within stores and aid greater consistency with regard operating practices.
- 5.19 Currently there is no charge for the issue of equipment to Service Users. However, it was noted that a neighbouring Authority do not provide a number of everyday equipment e.g. adapted cutlery. Service Users are directed to retailers where they can personally purchase these items.
- 5.20 There are a number of Stores services operating independently of each other within the Council. Developing closer working relationship between the various Stores functions would encourage cross-fertilization of expertise and a source of further guidance and assistance if required.

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### 6. 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: Effective systems and procedures operating to ensure accurate records are maintained to account for all Occupational Therapy Equipment held within Stores and issued to Service Users.						
5.1	A full stock check should be undertaken to ensure records correspond to the actual number of items held within Stores.	High	Yes	This will be completed as a trial in February and implemented on year end.	Assistant Manager (Comm. Services)	31/03/20
5.2	The Occupational Therapy Team Manager should authorise any items to be written off.	Medium	Yes	This has been organised and will take place	Assistant Manager (Comm. Services)/ OT Team Manager	05/02/20



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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
5.3	Items of equipment should be kept wherever possible in Asset Number order within the Stores Building. Asset Numbers should be clearly recorded where possible on shelving.	Medium	Yes	Where possible this will be implemented	Assistant Manager (Comm. Services)	29/02/20
5.4	Consideration should be given to restricting access to the stores area within the building to authorised designated officers.	Medium	Yes	Segregation is now in place	Assistant Manager (Comm. Services)	Completed
5.5	Further development of ELMS is required to distinguish unit price valuation of new and re-used equipment.	High	Yes	Ethetec are struggling slightly with the development of this. However this is a Commissioning Function	Information Systems Officer	29/02/20

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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
5.6	A review should be undertaken of the current policy of revaluing re-used items of equipment at 50% of the original unit purchase price.	Medium	Yes	Currently working with Ethetec regarding a solution – again this is a Commissioning led outcome	Information Systems Officer	29/02/20
5.7	Consideration should be given for service users to sign a declaration confirming responsibility for the equipment received.	Low	Yes	The Health and Social Care Partnership will review through the System Leadership Group and propose a course of action.	Service Manager (Provider Serv.)	31/08/20
5.8	Items classified as 'failed equipment scans' should be	High	Yes	All outstanding issues have been investigated	Assistant Manager	Completed

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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
	investigated and their location resolved and recorded correctly within ELMS.			and process in place to control daily	(Comm. Services)	
5.9	Occupational Therapy equipment noted to have been stored separately should be included within ELMS or written off if no longer serviceable.	Medium	Yes	This has been resolved by OT Manager	OT Team Manager	Completed
5.10	A review of Departmental procedures should be undertaken to ensure Stores are informed of a change in circumstance in a service users' condition where an item of equipment may no longer be required.	Medium	Yes	The Health and Social Care Partnership will review through the System Leadership Group and propose a course of action.	Service Manager (Provider Serv.)	31/08/20
5.11	Consideration should be given to invoicing service users if equipment is not returned when requested.	Low	Yes	The Health and Social Care Partnership will	Service Manager (Provider Serv.)	31/08/20

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## Internal Audit Section

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
				review through the System Leadership Group and propose a course of action.		
5.12	A review should be undertaken of the current ordering system for occupational therapy equipment.  Authorisation of orders should be undertaken by the Occupational Therapy Team Manager.	High	Yes	This is now in place with the budget manager (OT) and Assistant Manager having reviewed the ordering system and all orders having the correct authorisation	Assistant Manager (Comm. Services)/ OT Team Manager	Completed
5.13	In accordance with previously agreed procedures all equipment	Medium	Yes	This is currently being processed	Assistant Manager	14/02/20

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
	with a unit value greater than £20 should be individually bar coded.				(Comm. Services)	
5.14	A review should be undertaken of the Stores building to check it is secure from unauthorised access.	Medium	Yes	Currently under review. This will be further explored with estates however there will be a resource issue	Assistant Manager (Comm. Services)	24/01/20
5.15	Further development should be undertaken of ELMS to enable the Occupational Therapy Team Manager to receive greater management analysis of the equipment held.  A valuation report of the equipment held within stores should be	Medium	Yes	This is the responsibility of Commissioning as they are responsible for the ELMS System through the Systems Admin Team.  Advised that the report can now be run	Information Systems Officer	Completed

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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
	available when requested from ELMS.					
5.16	Service Users should be advised that any equipment received should be included within their personal property content insurance.	Low	Yes	The Health and Social Care Partnership will review through the System Leadership Group and propose a course of action.	Service Manager (Provider Serv.)	31/08/20
5.17	A review should be undertaken of the ELMS software application to ensure access levels are restricted to the requirements of the individual post. All access should be directly linked to the individual rather than a generic log in.	Medium	Yes	This is currently in place	Information Systems Officer	Completed

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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
5.18	Current operating practices should be recorded within a Service Operating Manual.	Medium	Yes	This is under development in partnership with OT and Systems Admin and Ethetec	Assistant Manager (Comm. Services)	01/06/20
5.19	In terms of value for money, consideration should be given to the range of occupational therapy equipment currently supplied to service users and whether ready available items can in the future be purchased directly by the individual.	Medium	Yes	The Health and Social Care Partnership will review through the System Leadership Group and propose a course of action.	Service Manager (Provider Serv.)	31/08/20

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## Internal Audit Section

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
5.20	Further consideration should be given to developing closer working relationships with other Stores Services operating within the Council.	Low	Yes	The Health and Social Care Partnership will review through the System Leadership Group and propose a course of action.	Service Manager (Provider Serv.)	31/08/20