

**FINAL INTERNAL AUDIT REPORT**  
**EDUCATION AND CARE SERVICES DEPARTMENT**

**REVIEW OF EXTRA CARE HOUSING AUDIT (NORTON COURT) FOR 2015-6**

**Issued to:** Unit Manager,  
Group Manager,  
Head of Direct Care Services,  
Exchequer Manager,

**Cc:** Assistant Director, Strategic & Business Support,  
Head of ECS Finance,  
Director of Finance,

**Prepared by:** Principal Auditor,

**Date of Issue:** January 11<sup>th</sup> 2016  
**Report No.:** ECH/018/01/2015

## REVIEW OF EXTRA CARE HOUSING AUDIT FOR 2015-6

### INTRODUCTION

1. This report sets out the results of our systems based audit of **Extra Care Housing Audit for 2015-6**. The audit was carried out in quarter 2 as part of the programmed work specified in the 2015 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 14/7/15 and commenced on 21/9/15. The period covered by this report is from **April 1<sup>st</sup> 2015 to September 30<sup>th</sup> 2015**.
4. The total net budget for Extra Care Housing – Norton Court £309,440. As at August 2015, the actual spend to date was £134,821.

### AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

### AUDIT OPINION

6. Overall, the conclusion of this audit was that Substantial Assurance for Norton Court but for the process of charging clients for care delivered Limited Assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

## REVIEW OF EXTRA CARE HOUSING AUDIT FOR 2015-6

### MANAGEMENT SUMMARY

7. Within Direct Care Services, there are three extra care housing units Apsley Court, Norton Court and Durham House with Lubbock House closed in August 2015.
8. At Norton Court, there are currently 42 clients in residence at Norton Court and it was noted that as at the 28/9/15 there were six of the flats were empty (void).
9. The audit concentrated on the following areas :-
  - Client Finances
  - Care Hours
  - Income
  - Expenditure
  - Assets
  - Corporate Risks
  - Previous Audit Recommendations
10. Clients within the extra care housing scheme will be assessed and will receive their care plan. This will identify the number of personal care hours and also the support hours per week. The client will have been financially assessed to determine whether they may contribute towards their care. Where the service user has more than £23,250 in savings and investments they will be liable to pay an arrangement fee in addition to the full costs of meeting their needs. This £240 arrangement fee covers the costs of putting in place the care and support required. This is broken down to £4.61 per week charges throughout the year, from the commencement of care.
11. Those that pay the full cost of their care will also pay a standing £70 support charge towards their support hours. Service users who receive full or partial Housing Benefit will not be charged for their housing related support.

## REVIEW OF EXTRA CARE HOUSING AUDIT FOR 2015-6

12. For some of the clients, finances are managed by the extra care unit staff and the relevant records were reviewed and selected balances on the domiciliary care accounts were confirmed at the time of the audit visit.
13. The following issues arose during the audit that we would like to highlight to management :-
  - Queries were raised in respect of the variances between planned and delivered hours for clients sampled.
  - One client had a large credit balance this was queried.
  - Agency staff had been procured outside of the Contractor 2 contract due to extenuating circumstances. However, documentary evidence that 3 competitive quotes had not been retained at the time and a subsequent waiver had not been completed to procure without competition.
  - Queries arose with some of the expenditure items reviewed.
  - Amenity Fund assets were found to have not been identified separately in all cases and the asset check had not been signed off by the Unit Manager and Group Manager.

### SIGNIFICANT FINDINGS (PRIORITY 1)

#### Domiciliary Care Charges

14. A review of the planned and actual care hours and the respective charges were made across 5 separate weeks from the records held at Norton Court. The client contribution rates were confirmed and the monthly statements for each client from May 2015 to September 2015 inclusive were reviewed. Errors were identified on weekly care charges. There were increases and decreases in hours that were found not to have been adjusted accordingly.
15. One of the clients had a credit balance of £1,334.94 as at 7/10/15. The auditor queried the account for Sample 8. The account and the financial assessment stated that the client was full cost, but no charges could be seen on recent domiciliary care statements. This client is deemed to be critical on her statement of needs in respect of needing help with managing her finances and is a current Appointeeship client, therefore, the Authority manages her finances on her behalf, in the absence of any relatives. The auditor was advised in an email from the Deputy Exchequer Manager dated 7/10/15 that the Appointeeship & Deputyship officer had 'completed an FA in April 2014 saying her capital had reduced to £20,000 and yet we continued to charge full cost until April 2015'.

## REVIEW OF EXTRA CARE HOUSING AUDIT FOR 2015-6

16. No financial assessment could be found on Carefirst to evidence that the client is now a nil payer at the time of testing.
17. The Financial Assessment team confirmed on 15/10/15 that the assessments will be recalculated using the revised figures as soon as possible.
18. The auditor was advised that in April 2014 financial assessment forms were sent out to all non-residential clients. Not all of these have been acted upon due to resource issues. Internal Audit have requested an update on how many remain outstanding, but this has yet to be provided.

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

19. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### ACKNOWLEDGEMENT

20. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

**REVIEW OF EXTRA CARE HOUSING AUDIT FOR 2015-6**

<b>Sample</b>	<b>Carefirst Reference</b>	<b>Customer Number</b>
<b>Sample 1</b>	<b>P131886</b>	<b>93009691</b>
<b>Sample 2</b>	<b>P14034</b>	<b>93007867</b>
<b>Sample 3</b>	<b>P248498</b>	<b>93011772</b>
<b>Sample 4</b>	<b>P9020</b>	<b>92600473</b>
<b>Sample 5</b>	<b>P219263</b>	<b>93011745</b>
<b>Sample 6</b>	<b>P8682</b>	<b>92600517</b>
<b>Sample 7</b>	<b>P51827</b>	<b>93008096</b>
<b>Sample 8</b>	<b>P107400</b>	<b>93010140</b>
<b>Sample 9</b>	<b>P2180</b>	<b>93012549</b>
<b>Sample 10</b>	<b>P106013</b>	<b>93007753</b>

**Contractor 1 - Liberata**

**Contractor 2 - Adecco**

**Contractor 3 - Hays**

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1.	<p><b><u>Domiciliary Care Charges</u></b>                      A review of the planned and actual care hours and the respective charges were made across 5 separate weeks from the records held at Norton Court for ten clients. The client contribution rates were confirmed and the monthly statements for each client from May 2015 to September 2015 inclusive were reviewed. Actual hours on the statements were not always correct or completed. Where possible the amount overcharged has been identified. Some clients pay a maximum weekly contribution, however if the normal weekly hours are not provided, the client should be charged a reduced amount.</p> <p>For week ending 17/5/15 :-                      Sample 6 received 0.75 less services.                      Sample 8 received 1.5 hours less services. No care charges identified.                      Sample 9 received 0.75 hours additional services. No charges were made for this week.                      Incorrect hours and charges detailed on the statements for these clients.</p>	<p>Incorrect charges are applied.</p>	<p><b>Domiciliary care statements should reflect and detail the actual care delivered within respective weeks. Care charges should reflect the actual care received on a weekly basis. Any increases or reductions in care should be reflected within the charges levied Adjustments to the individual care accounts should be rectified without delay. The process for charging for care hours should be reviewed.</b></p>

**Priority 1**  
 Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
 Required to address issues which do not represent good practice

**Priority 3**  
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>For week ending 12/7/15:-                      Sample 2 received the 14 planned hours but the service user was charged 13.25 hours and was undercharged by £9.96.                      Sample 5 received 0.75 hours less services. The overcharge was £9.96 for this week.                      Sample 6 received 1.5 hours less services.                      Both clients have been incorrectly charged for these weeks.</p> <p>For week ending 16/8/15:-                      Sample 1 received 2.25 hours less services. Overcharged £26.65 for this week.                      Sample 8 received 0.75 hours less services. No care charges detailed on statements.                      Hours were charged incorrectly.</p> <p>For week ending 13/9/15 :-                      Sample 1 received 5.25 hours less services                      Sample 7 received 1.25 hours less services. Overcharged this week by £16.60.                      Hours were charged incorrectly.</p> <p>Sample 8 had a credit balance of £1,334.94 as at 7/10/15. This client was also an Appointeeship client (assessed as critical</p>		

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	<p>and needing assistance in managing her finances) and was recorded as a full cost client. The account was queried by the auditor as no care charges could be seen on the clients' statement. The auditor was advised in an email from the Deputy Exchequer Manager dated 7/10/15 that the Appointeeship &amp; Deputyship officer had 'completed an FA in April 2014 saying her capital had reduced to £20,000 and yet we continued to charge full cost until April 2015'.</p> <ul style="list-style-type: none"> <li>• No financial assessment could be found on Carefirst to evidence that the client is now a nil payer at the time of testing.</li> <li>• The Assessment team confirmed on 15/10/15 that the assessments will be recalculated using the revised figures as soon as possible.</li> <li>• No financial assessment could be found on Carefirst to evidence that the client is now a nil payer at the time of testing.</li> <li>• The Assessment team confirmed on 15/10/15 that the assessments will be recalculated using the revised figures as soon as possible.</li> <li>• The auditor was advised that in April 2014 financial assessment forms were sent out to all non-residential</li> </ul>	<p>Incorrect charges may be applied.</p>	<p><b>It should be investigated how the credit balance arose in this Appointeeship case. Financial Assessments should be undertaken regularly. Confirmation should be provided to Internal Audit that there are no other similar cases that have fallen outside of the process. All financial assessments should be readily available and contribution levels evidenced.</b></p> <p><b>[Priority 1]</b></p>

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	<p>clients. Not all of these have been acted upon due to resource issues. The Auditor requested the number of outstanding cases and this information remains outstanding.</p> <ul style="list-style-type: none"> <li>No care charges detailed on statements.</li> </ul>		

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2.	<p><b>Expenditure</b>                      A sample of 10 expenditure items was selected for review. Issues arose with Samples 2, 3, 4 and 10.</p> <p>For Sample 2 there was a credit note for £609.50 dated 9/1/15 relating to agency staff hours worked - the agency had notified that they could not locate the timesheet.</p> <p>For Sample 3 this was the corresponding invoice for £609.50. The auditor was advised that the member of staff was on annual leave. A copy of the rota has been requested. It is unclear why the invoice dated 7/1/15 was paid on this basis if the member of staff was on annual leave.</p> <p>Sample 4 the staff were not aware of this charge to the budget and believe that this could be a miscoding.</p> <p>Sample 10 related to equipment for Lubbock House but was ordered by Norton Court on their behalf. This has been coded to Norton Court in error.</p>	<p>Loss of monies to the Authority.</p>	<p><b>Ensure that the appropriate checks are undertaken to ensure that the Authority only pays for actual goods and services purchased and received. Recovery of the overpayment has occurred by applying the credit note. Mis-codings identified through testing should be rectified.</b></p> <p><b>[Priority 2]</b></p>

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3.	<p><b>Agency</b>                      A report was run of all expenditure transactions for Norton Court for 2015-16. It was found that the service had engaged staff outside of the 'Contractor 2' contract due to extenuating circumstances. Agency staff were engaged between October 2014 to August 2015 and the total spend was circa £38K. As discussed with management to satisfy financial regulations for spend between £5,000 and £50,000 three written quotes should be obtained. In the absence of this then a waiver should have been sought to procure from Contractor 3 without competition.</p>	<p>Value for money may not be achieved.</p>	<p><b>If staff are engaged outside of the Contractor 2 contract, then three written quotes should be obtained. In the absence of this a waiver should have been sought.</b></p> <p><b>[Priority 2]</b></p>

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4.	<p><b><u>Asset Register</u></b>                      Copies of the Asset Registers were requested in respect of Norton Court.</p> <p>It was found that although the assets registers had been transferred from manual records to electronic records for the audit, the asset check had not been signed off by the Unit Manager/Group Manager.</p> <p>Assets were not individually listed such as the computer equipment and assets that were not part of the Amenity Fund were included that belonged to the Night Care Staff.</p>	<p>Assets are not easily identifiable.</p>	<p><b>All assets attributable to the Amenity Fund should be separately recorded and easily identifiable. The asset checks undertaken throughout the year should be signed off by the Unit Manager or Group Manager.</b></p> <p><b>[Priority 2]</b></p>

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p><b><u>Domiciliary Care Charges &amp; Accounts</u></b>  <b>Domiciliary care statements should reflect the actual care delivered within respective weeks.</b>  <b>Care charges should reflect the actual care received on a weekly basis. Any increases or reductions in care should be reflected within the charges levied Adjustments to the individual care accounts should be rectified without delay. The process for charging for care hours should be reviewed.</b></p> <p><b>It should be investigated how the credit balance arose in this Appointeeship case.</b>  <b>Financial Assessments should</b></p>	1	<p>All cases where incorrect hours were identified have been corrected.</p> <p>The officer responsible for making the errors has received additional training and the team have been reminded of the need to ensure the accuracy of their work.</p> <p>The procedure for uploading timesheets has been reviewed and amended to include an additional control.</p> <p>Checks will be carried out on a regular basis by the Client Unit to ensure the revised procedures are being followed and the correct</p>	<p>Liberata Operations Manager, Financial Assessment Management and Appointeeship &amp; Deputyship</p> <p>Head of Exchequer Service</p> <p>Exchequer Finance Officer</p>	<p><b>Completed</b></p> <p><b>Completed</b></p> <p><b>Ongoing from 01/02/16</b></p>

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	<p>be undertaken regularly. Confirmation should be provided to Internal Audit that there are no other similar cases that have fallen outside of the process. All financial assessments should be readily available and contribution levels evidenced.</p>		<p>hours are being charged.</p> <p>The credit on the client's Domiciliary care account arose due to the charges for April and May 15 being paid twice. The A &amp; D staff have been reminded to ensure they pay the correct outstanding charges.</p> <p>As part of the April 2014 reviews, a financial assessment was returned however it was not processed. A backdated assessment has been completed and the incorrect charges have been refunded to the client.</p> <p>Each March there is an annual review and clients are informed of their new charge. A breakdown of</p>	<p>Liberata Operations Manager, Financial Assessment Management and Appointeeship &amp; Deputyship</p> <p>Liberata Operations Manager, Financial Assessment Management and Appointeeship &amp; Deputyship</p>	<p>Completed</p> <p>Completed</p>

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<p>the charges is provided and they are advised to inform LBB if there has been any change to their financial circumstances.</p> <p>The service level agreement requires all clients to have a completed and verified financial assessment form at least every 2 years. These reviews are carried out on a monthly basis and the completed financial assessments forms are processed on completion.</p>	<p>Liberata Operations Manager, Financial Assessment Management and Appointeeship &amp; Deputyship</p>	<p>31/07/16</p>

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MANAGEMENT ACTION PLAN

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2	<b><u>Expenditure</u></b> Ensure that the appropriate checks are undertaken to ensure that the Authority only pays for actual goods and services purchased and received. Recovery of the overpayment has occurred by applying the credit note. Mis-codings identified through testing should be rectified.	2	Admin staff who raise orders will be reminded to request the appropriate budget codes for any expenditure which may be for another unit.  Checks will be put in place to ensure that in future staff time sheets outside of the 'Contractor 2' system are checked more thoroughly.	Scheme managers and Group Manager  Group Manager	January 31st 2016  Immediate
3	<b><u>Use of Agency</u></b> If staff are engaged outside of the 'Contractor 2' contract, then three written quotes should be obtained. In the absence of this a waiver should have been sought.	2	If there is a need to engage staff outside of the 'Contractor 2' contract then three quotes will be requested or a waiver sought.	Head of Direct Care Services.	Immediate

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4	<p><b><u>Assets</u></b>                      All assets attributable to the Amenity Fund should be separately recorded and easily identifiable. The asset checks undertaken throughout the year should be signed off by the Unit Manager or Group Manager.</p>	2	Assets have been identified and are on the appropriate logs.	Scheme managers and Group Manager.	Immediate

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## OPINION DEFINITIONS

## APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

### **Assurance Level**

### **Definition**

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.