

REDACTED



**FINAL INTERNAL AUDIT REPORT  
CHIEF EXECUTIVE'S DEPARTMENT**

**FINANCIAL ASSESSMENTS 2021-22**

**Issued to:** Assistant Director Exchequer Services  
Contract and Operations Manager  
Assistant Director ASC Operations  
Head of Finance, Adult Social Care, Health and Housing

**Prepared by:** Senior Internal Auditor

**Reviewed by:** Director

**Date of Issue:** 3 February 2022

**Report No.:** CORP/03/2021

**INTRODUCTION**

1. This report sets out the results of our internal audit of Financial Assessments. The audit was carried out as part of the work specified in the 2021-2022 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that the audit has highlighted will increase the associated risks and should therefore be addressed by management.
2. The audit looked to provide an objective independent opinion on the adequacy and effectiveness of the Financial Assessments system.
3. Financial assessments are undertaken for all persons where care is required. A financial assessment (FA) is required to take place when an individual first enters a placement as well as on an annual basis thereafter, at the start of each new financial year, as obligations for charging may differ if circumstances change.
4. At Bromley Council, FAs are carried out by a third-party contractor, the Council's Exchequer Contractor. All operational staff, including visiting officers and booking officers, are from the Council's Exchequer Contractor. The Council's oversight in this area is maintained via the Contract and Operations Manager and the Assistant Director of Exchequer Services.
5. The fieldwork for this review was completed remotely in place in response to COVID-19.
6. We would like to thank all staff contacted during this review for their help and co-operation.

**AUDIT SCOPE**

7. The scope of the audit was outlined in the terms of reference issued in September 2021.
8. The controls in place to mitigate the impact of the key risk areas were examined. Controls relating to corporate and departmental risks were also examined where applicable. The internal audit included a review of relevant documentation, interviews with key officers and testing of related procedures and processes.
9. The following were considered to be the key risks:
  - Adequate and up to date policies and procedures are not in place, or up to date with relevant legislation. The policies and procedures are not clear with regards to the calculation of the financial assessments for residential and non-residential service users. Relevant and up to date information is not made available to the public;

- Financial Assessments are not completed for all service users placed in residential care and those receiving non-residential services, or that these are not completed in a timely manner and in line with documented procedures;
- There is no adequate process for obtaining and reviewing evidence provided by service users, resulting in increased opportunities for fraud;
- Personal information retained by the Council is not used in line with GDPR; and
- A lack of management oversight and sufficient contract monitoring, resulting issues not being addressed in a timely manner and delays in levying and collecting client contributions.

**AUDIT OPINION**

10. Our overall audit opinion, number and rating of recommendations is as follows.

AUDIT OPINION	
Reasonable Assurance	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
0	4	0

**SUMMARY OF FINDINGS**

11. Detailed below we have set out examples of controls noted to be in place and working effectively, based on the audit testing conducted. In addition, where we have identified issues, we have also highlighted these below:

- The Council’s Exchequer Contractor has documented procedure notes in place for undertaking FAs. Our review of the procedure notes indicated that these procedures had been updated to include the new ‘Trust and Protect’ assessment process introduced during Covid-19 and also included the procedure to be followed post-Covid. There was also a procedure note for completing full cost arrangements. Review noted that this included step-by-step instructions including screenshots from the case management system.

- The FAs are calculated automatically by the case management system. We confirmed via review of screenshots from the case management system that there were set system parameters on the case management system to calculate the FA. Benefit rates were entered manually on the system to aid the FA calculation. We were informed by the Assistant Director Exchequer Services and the Contract and Operations Manager that there was guidance for entering and editing the benefit rates on the system, however we were not provided with this. We were also informed by the Exchequer Services Operational Manager that there was no procedure on the input of the financial information on the case management system in order to calculate the FA (*see issue 1 in detailed findings*). We acknowledge that at the time of writing the Council has migrated to new finance systems and so the case management system in this review is now no longer in use.
- The benefit rates are entered on the case management system via the System Administration area. We were provided with a list of personnel with access to the System Administration area and confirmed that access was limited to the officers in the case management Support Team and relevant personnel from the Research and Statistics, Finance, and Project Support teams. While we believe this access is appropriate, it might be beneficial for the Council to undertake a separate audit of this for the new finance systems.
- We were informed by the Contract and Operations Manager that procedure documents for the new finance systems had not been produced at the time of the audit in November 2021. Staff were being provided with training to use the new systems. We reviewed the calendar invites for the training and confirmed via interviews with staff that the training took place in mid-October 2021. It was explained that it was intended that the procedure documents would be created by staff after they familiarised themselves with the new systems.
- We confirmed the process for FA is on the Council's website and therefore accessible by the public. The website also includes information regarding the financial documents that will be checked, how the charges will be calculated, methods of payment and contact information of the Exchequer Services Recovery team.
- For a sample of ten current residential and ten current non-residential service users tested we confirmed that:
  - FAs were undertaken in 13 cases. Although for one of these cases, the FA took over a year from the date of referral to undertake, as the case had to be referred to the Appointee and Deputyship (A&D) team and due to the wait to receive information regarding the service user's money.
  - In four cases a FA was not required, these being S117 cases.
  - In the remaining three cases the FA had not yet been undertaken as the service users had not provided all the required the documents. The FAs have been outstanding for 2 ½, 12 ½ and 15 ½ months respectively.

- Prior to Covid-19, the financial information was collected by the Exchequer Services Unified Assessment Services (UAS) team. During Covid-19 a 'Trust and Protect' service was put in place, where service users were offered the required services without an FA as officers were unable to perform home visits. Service users were asked to send in their financial information to the Exchequer Services contractor via their preferred method (i.e. either postal or online). Financial information was then stored on the case management system and reviewed by officers in Exchequer Services.
- Service users who have not provided their financial documents are marked as 'Pended' on the system used by the Exchequer Services Contractor. A 'Pended' report was being run every two weeks to identify service users who have not submitted their financial information. We reviewed a sample of three 'Pended' reports (dated 1 October, 16 October and 28 October 2021) and confirmed these were stored on the Exchequer Services Contractor's shared drive. Where service users do not provide their documents by the deadline, they are marked as 'Expired Pended', chased for the documents and then marked as 'Pended' again with a new deadline to provide the documents. Review of the sample of 'Pended' service user reports confirmed that these list the users that are 'Expired Pended'. We reviewed the audit trails from the system for the sample of ten residential and ten non-residential cases above and confirmed that these had been chased for evidence and marked as 'Pended' and 'Expired Pended' when relevant.
- Our testing of the sample of ten residential and ten non-residential cases above confirmed that:
  - In five residential and seven non-residential cases the financial documents were evidenced as reviewed by relevant staff.
  - In one non-residential case the financial documents were not obtained from the service user as they did not wish to provide their documents and chose to pay the full cost for the service. Review of the FA form confirmed that this was correct.
  - Two of the residential cases and two of the non-residential cases were S117 cases and therefore no FAs were required.
  - In three residential cases the assessment has not been completed yet as the service user had not provided the documents. We reviewed the audit trail from the system and confirmed that the users had been chased for the documents and each user had been marked as 'Pended'. The FAs have been outstanding for 2 ½, 12 ½ and 15 ½ months since referral.

- We obtained copies of the Council's and the Exchequer Services Contractor's data protection policies. Review of the policies confirmed that these were recently updated (Council's policy was last updated on 14 May 2021 and the Exchequer Services Contractor's policy was last updated on 29 January 2021).
- We confirmed via review of calendar invites to GDPR training from February 2021 and interviews with staff that Exchequer Services Contract officers had been provided with mandatory annual online GDPR training. Although, we asked the Contract and Operations Manager for evidence of the Council's officers receiving annual GDPR training, we did not receive any evidence of this (*see issue 2 in detailed findings*).
- There was a data breach in September 2021 where a printed benefit letter containing personal information was sent to the wrong customer. We reviewed an email to the Council regarding the breach and the Information Commissioners Office (ICO) report and confirmed that the breach was reported to the Council by the Exchequer Services Contractor. The relevant customers were informed of the breach and the importance of thoroughly checking any correspondence was reaffirmed to the Admin team. We understand this matter is now closed.
- Monthly key performance indicator (KPI) monitoring reports are produced by the Exchequer Services Contractor and presented to the Council during monthly performance monitoring meetings. Review of the July, August and September 2021 KPI monitoring reports confirmed that these were produced in line with the KPIs specified in the Exchequer Services contract and that the KPIs had been met during all three months. Review also noted that cases that have been pending for over 2 months are detailed in these reports. Review of the corresponding performance monitoring meeting minutes confirmed that these KPIs monitoring reports were discussed during these meetings. However, cases that were pending for over 2 months along with the related financial implications were not discussed during the meetings (*see issue 3 in detailed findings*).
- We were informed by the Exchequer Services Operational Manager that the contractor undertakes monthly quality assurance (QA) checks on the FAs. We were provided with a copy of a report produced by the Exchequer Services Contractor detailing the results from the QA checks undertaken during 2021/22 and confirmed that the QA checks are undertaken monthly. This report is in turn used to inform the monthly KPI monitoring reports mentioned above.
- We were informed by the Contract and Operations Manager that the Council used to undertake quarterly spot checks of the FAs but these were put on hold due to Covid-19. The last spot check was undertaken in September 2020 (*see issue 4 in detailed findings*).

**DETAILED FINDINGS / MANAGEMENT ACTION PLAN**

12. 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 prioritised in line with the criteria set within Appendix B.

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DETAILED FINDINGS AND ACTION PLAN

APPENDIX A

No.	Finding	Risk	Recommendation and Priority	Management Response	Agreed Timescale and Responsible Manager
1	<p><u>Procedure Documents</u></p> <p>The Council moved to new systems in October 2021. Although copies of the procedural guidance for these new systems were requested by Internal Audit, these were not provided.</p> <p>It was explained by the Contract and Operations Manager that staff, once familiar with the new systems, would be drafting appropriate procedural guidance.</p> <p>Since there was a lack of procedure documents for entering and editing the benefit rates on the system, and the input of the financial information on the system in order to calculate the FA for the case management system, it is important for</p>	<p>Where there is no procedural guidance, there is an increased risk that staff are unaware of the process leading to inconsistent and /or inappropriate practises.</p>	<p>Management should ensure that procedure notes are created for the new finance systems.</p> <p>These should include detail on how to input benefit rates and financial information on the new finance systems.</p> <p>Once produced, these should be made available to relevant staff.</p> <p><b>Priority 2</b></p>	<p>The procedure documents for entering and editing the benefit rates on the case management system were manual documents which were not available at the time of the audit. Annually the changes to the benefit rates and charging rates to the live were checked and signed off by a manager.</p> <p>Procedures for the new system to carry out financial assessments have been produced and have been provided to staff.</p> <p>Any outstanding procedures that are required will be produced and provided to staff</p>	<p>Operations Manager (Contractor)</p> <p>Contract and Operations Manager (Exchequer)</p> <p>31 March 2022</p>

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DETAILED FINDINGS AND ACTION PLAN

APPENDIX A

No.	Finding	Risk	Recommendation and Priority	Management Response	Agreed Timescale and Responsible Manager
	Management to ensure that procedure documents are created for the new systems and are accessible by staff.				
2	<p><u>Data Protection</u></p> <p>We were provided with a copy of the Council's GDPR policy and were informed that Council officers were provided with GDPR training in 2018. Although, we asked the Contract and Operations Manager for evidence of the Council's officers receiving annual GDPR training, we did not receive any evidence of this.</p>	<p>Personal information retained by the Council is not used in line with GDPR.</p>	<p>Management should identify the Council officers who have not received GDPR training in line with the Council's policy and ensure that they are provided with GDPR refresher training. Completion of GDPR training should be monitored and actions should be taken to address non-compliance.</p> <p style="text-align: center;"><b>Priority 2</b></p>	<p>Any staff who have not received GDPR training in line with the Council's policy will be identified and provided with the required training. Completion of GDPR training will be monitored.</p>	<p>Assistant Director Exchequer Services</p> <p>30 April 2022</p>
3	<p><u>Pending Cases</u></p> <p>Monthly KPI monitoring reports are produced by the Exchequer Services Contractor and presented to the Council during monthly</p>	<p>Appropriate actions to deal with cases that have been pending for over 2 months are not taken. The Council is</p>	<p>Cases that have been pending for over 2 months along with the related financial implications and mitigating actions should be discussed during</p>	<p>Quality checking on pended documents will be carried out by the Exchequer Services Quality and Assurance Team to ensure that deadlines are dealt with appropriately.</p>	<p>Operations Manager (Contractor)</p> <p>Contract and Operations</p>

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DETAILED FINDINGS AND ACTION PLAN

APPENDIX A

No.	Finding	Risk	Recommendation and Priority	Management Response	Agreed Timescale and Responsible Manager
	<p>performance monitoring meetings. Review of the July, August and September 2021 KPI monitoring reports noted that cases that have been pending for over 2 months are detailed in these reports. Review of the corresponding performance monitoring meeting minutes noted that cases that were pending for over 2 months along with the related financial implications were not discussed during the meetings.</p>	<p>unaware of the financial implications of the pending cases.</p>	<p>the monthly performance monitoring meetings.</p> <p><b>Priority 2</b></p>	<p>An item will be added to the agenda to ensure this is captured at each service review.</p>	<p>Manager (Exchequer)</p> <p>28 February 2022</p>
4	<p><u>Spot Checks</u></p> <p>We were informed by the Contract and Operations Manager (Exchequer) that the Council used to undertake quarterly spot checks of FAs but that these checks were put on hold due to Covid-19. The last spot check was undertaken in</p>	<p>The FA may not be undertaken correctly, and this may not be identified and rectified.</p>	<p>As planned, spot checks on FAs should be resumed as soon as possible.</p> <p><b>Priority 2</b></p>	<p>Spot checks will be resumed as part of the annual uplift process which takes place between February and April.</p>	<p>Contract and Operations Manager (Exchequer)</p> <p>30 April 2022</p>

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DETAILED FINDINGS AND ACTION PLAN

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	<p>September 2020. It was explained that Council officers were unable to undertake the spot checks because working remotely caused delays to the day-to-day work and because they had to prioritise the work they were undertaking. Further, that the Council was hoping to resume the spot checks between January and April 2022, following successful transition to the new systems.</p>				

**Assurance Level**

Assurance Level	Definition
<b>Substantial Assurance</b>	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
<b>Reasonable Assurance</b>	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
<b>Limited Assurance</b>	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
<b>No Assurance</b>	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

**Recommendation ratings**

Risk rating	Definition
<b>Priority 1</b>	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
<b>Priority 2</b>	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
<b>Priority 3</b>	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.