

COMMITTEE	AUDIT COMMITTEE
DATE	24 SEPTEMBER 2015
TITLE	OUTPUT OF THE INTERNAL AUDIT SECTION
PURPOSE OF REPORT	TO OUTLINE THE WORK OF INTERNAL AUDIT FOR THE PERIOD TO 11 SEPTEMBER 2015
AUTHOR	LUNED FÔN JONES – AUDIT MANAGER
ACTION	TO RECEIVE THE REPORT, COMMENT ON THE CONTENTS AND SUPPORT THE RECOMMENDATIONS THAT HAVE ALREADY BEEN PRESENTED TO SERVICES FOR IMPLEMENTATION

1. INTRODUCTION

1.1 The following report summarises the work of the Internal Audit Section for the period from 1 July 2015 to 11 September 2015.

2. WORK COMPLETED DURING THE PERIOD

2.1 The following work was completed in the period to 11 September 2015:

Description	Number
Reports on Audits from the Operational Plan	8
Follow-up Audits	2

Further details regarding this work are found in the body of this report and in the enclosed appendices.

2.2 Audit Reports

2.2.1 The following table shows the audits completed in the period to 11 September 2015, indicating the relevant opinion category and a reference to the relevant appendix.

TITLE	DEPARTMENT	SERVICE	OPINION	APPENDIX
Communication with Schools	Education	Schools	B	Appendix 1
Chairman's Fund	Corporate Support	Democracy	B	Appendix 2
Main Accounting System – Review of Key Controls	Finance	Accountancy	A	Appendix 3
Revenues System – Closure 2014-15	Finance	Revenues	B	Appendix 4
Siebel – eFinancials Interface	Finance	Information Technology	A	Appendix 5
Removing Leavers from IT Systems	Corporate		C	Appendix 6
Validity of Invoices from Private Providers	Adults, Health and Wellbeing	Adults	B	Appendix 7
Charges on Properties of Home Residents	Adults, Health and Wellbeing	Residential and Day	C	Appendix 8

2.2.2 The opinion categories within the reports affirm the following:

- Opinion "A" Assurance of financial propriety can be expressed as the controls in place can be relied upon and have been adhered to.
- Opinion "B" Controls are in place, and partial assurance of financial propriety can be expressed as there are aspects where some procedures can be strengthened.
- Opinion "C" Assurance of financial propriety cannot be expressed as the controls in place cannot be relied upon, but losses/fraud due to these weaknesses were not discovered.
- Opinion "CH" Assurance of financial propriety cannot be expressed as acceptable internal controls are not in place; losses/fraud resulting from these weaknesses were discovered.

2.3 Follow-up Audits

2.3.1 The following table summarises the follow-up work completed during the period:

TITLE	DEPARTMENT	SERVICE	FOLLOW-UP OPINION
Children's Services – Commissioning of Care	Children and Families	Children	Acceptable
Food Hygiene, Health and Safety Inspection Programmes	Regulatory	Public Protection	Acceptable

2.3.2 The conclusion of follow-up work is placed in one of four categories:

Excellent - all recommendations implemented as expected.

Acceptable - most recommendations, including the majority of "essential" recommendations, implemented as expected.

Unsatisfactory - several recommendations not implemented.

Unacceptable – most recommendations (including essential recommendations) not implemented, and no evidence of efforts to improve internal controls.

2.3.3 The list below shows the 'C' or 'CH' opinion category reports presented to the Audit Committee as appendices to the quarterly reports, where a report to the Committee regarding the follow-up remains outstanding. The list shows the target completion date for each of these follow-up audits:

Completion Target: Quarter ending 30 September 2015

Direct Payments

Completion Target: Quarter ending 31 December 2015

Jobs System – Security and Accuracy

IT – Backups and Service Continuity

First Aid Payments

Completion Target: Quarter ending 31 March 2016

Health and Safety – Lone Working

Gwynedd Museum and Gallery

Community Care Workers – Travelling Costs

Completion Target: Quarter ending 30 June 2016

Charges on Properties of Home Residents

Removing Leavers from IT Systems

3. WORK IN PROGRESS

3.1 The following work was in progress as at 14 September 2015.

3.2 WORK IN PROGRESS

- Use of Consultants (*Corporate*)
- Awareness of Whistleblowing Policy – Manual Workers (*Corporate*)
- Corporate Assessment (*Corporate*)
- Officers Gifts and Hospitality – High Risk Services (*Corporate*)
- Proactive Prevention of Fraud and Corruption (*Corporate*)
- Information Governance – Data Protection Act (*Corporate*)
- National Fraud Initiative (*Corporate*)
- School Catering (*Education*)
- Schools – Governance (*Education*)
- Workforce Modelling (*Education*)
- North and Mid Wales Trunk Road Agency
- Debtors System – Review of Key Controls (*Finance*)
- Payments System – Review of Key Controls (*Finance*)
- Bank Reconciliation – Review of Key Controls (*Finance*)
- Payroll System – Review of Key Controls (*Finance*)
- Pension Fund – Review of Key Controls (*Finance*)
- Benefits – Review of Key Controls (*Finance*)
- Council Tax System – Review of Key Controls (*Finance*)
- NNDR – Review of Key Controls (*Finance*)
- Leisure Centres – Income Collection (*Economy and Community*)
- Sailing Academy (*Economy and Community*)
- Home Care (*Adults, Health and Wellbeing*)
- Governance of collaborations with the third sector (*Adults, Health and Wellbeing*)
- Plas y Don, Pwllheli (*Adults, Health and Wellbeing*)
- Plas Hedd, Bangor (*Adults, Health and Wellbeing*)
- Hafod Mawddach, Abermaw (*Adults, Health and Wellbeing*)
- Cefn Rodyn, Dolgellau (*Adults, Health and Wellbeing*)
- Maintenance of buildings and sites (*Highways and Municipal*)
- Inspections (*Highways and Municipal*)
- Pont Briwet (*Regulatory*)
- Public Transport (*Regulatory*)
- Parking Income Transport (*Regulatory*)

4. RECOMMENDATION

4.1 The Committee is requested to accept this report on the work of the Internal Audit Section in the period from 1 July to 11 September 2015, comment on the contents in accordance with members' wishes, and support the recommendations already presented to the relevant service managers for implementation.

COMMUNICATION WITH SCHOOLS

Education

Background

It is vital that robust and clear arrangements are in place for communication between the Council's Education Department and the schools, and at present, several arrangements are in place. One of the existing arrangements is a weekly newsletter, which is managed and distributed by an Officer from the Support Services - Corporate Support.

PSCASG (Primary and Special Schools Catchment Area Group) meetings are held every half term. There are 13 Primary and Special school catchment areas in the county, namely the catchment area of the Secondary schools (except Ysgol Friars and Ysgol Tryfan which are included in one catchment area). Ideally, a representative from the secondary schools should attend the PSCASG meetings. Following these meetings, the catchment area representative should hold meetings with the schools in the catchment area to distribute information that was shared at the PSCASG meeting. The Assistant Education Quality Improvement Officer takes the minutes of the PSCASG meetings.

A newsletter is distributed to primary/special schools following PSCASG meetings, detailing any important information that was discussed at the meetings, or any important information received from Estyn, the Welsh Government etc. during the period. The procedure of sending a newsletter to primary and special schools following PSCASG meetings is new, and has replaced the procedure of holding two conferences during the school year.

In the same manner, Secondary Strategic Group meetings are held every half term. A representative from every secondary school in the County should attend the meetings. The Assistant Education Quality Improvement Officer also takes the minutes at these meetings.

A new version of the Education Department's intranet has been published to schools in October 2014, and is another way the Education Department utilise to communicate with schools. The content of the intranet was discussed at PSCASG and at Secondary Strategic Group meetings.

Purpose of the Audit

Ensure that there is effective communication with schools, in order to ensure that the appropriate officers have access to guidelines, advice and leadership, especially important and vital information and that any key matter is highlighted.

Scope of the Audit

The way the Education Department communicates with schools was reviewed, a sample of correspondence and newsletters that had been distributed were checked, along with the design and distribution of an electronic questionnaire for all the headteachers of Gwynedd's schools in order to identify the real situation in terms of communicating with schools and to seek their opinion on areas such as the quality, frequency and content of the Education Department's newsletters and intranet.

Main Findings

An anonymous questionnaire was designed to correspond with this audit which included several questions to seek the opinion of Gwynedd's Headteachers on communication arrangements between the Education Department and the Schools. 39 completed questionnaires were received as part of the response to the questionnaire.

Some specific areas have been highlighted as being in need of further attention as a result of this audit. Several comments were received regarding the format and use of the weekly newsletter. Some expressed that it was not easy to use to find things of importance or priority. Also, enquiries were made regarding methods of distributing the newsletter to staff. The discovery that not every Headteacher distributed the newsletters to staff was disappointing. One observation was received that it was not convenient to transfer the information from the weekly newsletter to Governors, as the newsletter included information that was both relevant and irrelevant to Governors. The Headteacher noted that it would be necessary to weed out relevant information from the newsletter.

When analysing the information from questionnaires, it became clear that not all Headteachers were aware of the intranet and also that some Headteachers had not notified their staff of the intranet's existence. Members of staff need to be notified of the intranet's existence, so that they are aware of the policies and documents that are available should they require any information. Very useful information/observations were received regarding which documents/information could be added to the intranet, opinion regarding the newsletter and the way of improving communication between the Education Department and Schools. It is necessary to consider acting on the findings of this audit to improve the communication procedure between the Education Department and Gwynedd's Schools.

Audit Opinion

(B) The Audit opinion is that partial assurance can be given in the propriety of Communication with Schools as there are controls in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:

- **Changing the format of the weekly newsletter should be considered, bearing in mind the observations received from questionnaires.**
- **Other ways of seeking to circulate and distribute the weekly newsletter should be considered so that it reaches the attention of staff and the School's Governors.**
- **It should be ensured that each member of staff is aware of the existence of the Education Department's intranet, so that they can use it as a hub for documents and policies that they need.**
- **The schools' observations deriving from the questionnaire regarding ways to improve the intranet and which documents / information to incorporate should be considered.**
- **The schools' observations deriving from the questionnaire regarding ways to improve the communication between the Education Department and the Schools should be considered.**

CHAIRMAN'S FUND

Corporate Support

Background

The Chairman's Fund is a historical fund that has been in place since the establishment of Gwynedd Council in 1996. It exists to enable the Chairman of the Council to welcome visitors to the Authority, to contribute funding towards Appeals; to buy corporate gifts etc. during his/her year in office. The Chair has full responsibility over what items of expenditure are paid for from the Fund.

Purpose of the Audit

The purpose of the audit was to ensure that robust arrangements and appropriate processes are in place to administrate the Chairman's Fund.

Scope of the Audit

Ensure that the fund's final accounts reconcile with bank statements and that appropriate arrangements are in place to deal with applications for sponsorship. Audit the fund's accounts for the financial years 2013/14 and 2014/15.

Main Findings

The Chair is entirely responsible for decisions on expenditure from the fund. The Civic Officer is responsible for the everyday administration of the fund, ensuring that invoices are paid, and recording all transactions that involve the fund. The fund is historical and there are not many formal arrangements in place for it. The only risk with this is that no formal information is available to provide guidance on how, and on what, money from the fund should be spent. Robust budgetary arrangements are in place for the Fund, with authorised responsibility for the fund. It was seen that there was no formal link with the Finance Department, however, authorised officers certified the fund's expenditure. There is consistency between the fund's bank statement and the spreadsheet kept by the Civic Officer regarding the fund's expenditure. Evidence regarding the fund's expenditure is retained, namely receipts and invoices. Checks were made to ensure that accurate and relevant information is kept with the applications received for funding from the fund, and it was seen that they were fully and fairly assessed. By now, it is a tradition that the Chair holds an event/concert to fundraise for charity/charities in the year of his/her chairmanship - it was seen that the cost of holding the concert in 2014 had outweighed the profit that was received, therefore care should be taken when arranging events in future.

Audit Opinion

- (B) The Audit opinion is that partial assurance can be given of propriety in the administration of the Chair's Fund as there are controls in place, but there are aspects where some arrangements can be tightened. The main recommendations of the report are as follows:**
- **Consideration should be given to having formal documents / awareness in place to provide guidance on the type of expenditure that can be made from the Chair's Fund.**
 - **The costs involved with hosting any event should be weighed up, e.g. for a concert, details of the expected proceeds before committing to any expenditure.**

MAIN ACCOUNTING SYSTEM - REVIEW OF KEY CONTROLS

Finance

Purpose of the Audit

The Auditor General for Wales' Code of Audit Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting its audit of the Council's accounts, will rely wherever possible on the work of Internal Audit (and others). As a result, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of its key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis.”

The main accounting system is considered a “major financial system” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted.

Scope of the Audit

This review focused on the controls of maintaining the main accounts system and transactions for 2014/15.

Main Findings

It was seen that there was strong management in the processes involved with administering the Main Accounting System. However, a weakness was seen in terms of notifying the Financial System Technician of members of staff who no longer needed access to the Ledger. It was seen that the Financial System Technician sent a list of users for the Departmental Finance Managers' approval every year. It was seen that they did not always receive a response from the Departmental Finance Units. On a list of users which was sent in June 2014, a member of staff was included who had left his post with the Council on 30/06/2011, but it was seen that the relevant Finance Unit had responded to the email this time and that the users had been removed prior to the audit. As this officer had left the Council's employment, it is unlikely that he or she would have access to the Council's network, and as a result would be unable to gain access to the financial ledger. Therefore, the risk of the former employee obtaining unauthorised access to the ledger is low.

Audit Opinion

- (A) **The Audit Opinion is that assurance of propriety can be expressed in the administration of the Main Accounting System - Review of the Key Controls as it is possible to rely on the internal controls in place, and that they have been followed.**
- **The Departmental Finance Managers should ensure that they notify the Financial System Technician of changes to access rights requirements to the accounts system following the receipt of an annual list of users.**

REVENUE SYSTEMS - CLOSURE 2014-15**Finance**Purpose of the Audit

The Auditor General for Wales' Code of Practice, April 2010, states that the Authority's external auditors (Wales Audit Office), in conducting its audit of the Council's accounts, will rely wherever possible on the work of Internal Audit (and others). As a result of this, the Joint Protocol between the External Audit service and the Internal Audit service, approved by the Audit Committee on 17 November 2011, states:

“As part of their key role in reporting upon the adequacy of internal control, and providing a basis for the authority's Annual Governance Statement, which is required to be published with the Council's annual statement of accounts, it is expected that Internal Audit will test key controls of the Council's major financial systems on an annual basis.”

The Benefits, Council Tax and Business Rates systems are considered “major financial systems” according to the Wales Audit Office's definition, and therefore a review of the key controls of this system was conducted.

The purpose of the audit was to ensure that appropriate arrangements were in place to close down the financial year, by confirming that appropriate reconciliations are held.

Scope of the Audit

Ensure that the reconciliations which are part of the practice of closing the previous year are held in a timely manner, and that they are full and accurate.

Main Findings

Good practice exists in the process of reconciling and closing down at the end of a financial year, as all expected reconciliation processes are achieved in accordance with expectation. Monies remained in the Council Tax and Business Rates temporary account at the end of the financial year, as there was no way to identify to which account the monies belonged. In terms of the benefits system, a SERR (System Error) code has been established but it appears that this has not been incorporated in an 'SQL' enquiry - therefore the items remain on the reconciliation as 'variation' items that need solving. If SERR was a part of the enquiry, the items would not appear.

Audit Opinion

(B) The Audit opinion is that partial assurance of financial propriety in the Revenue Systems - Closure 2014-15 can be expressed, as there are controls in place, but there are aspects where some arrangements could be tightened. The main recommendation of the report is as follows:

- **A SERR code should be incorporated in SQL enquiries.**

SIEBEL AND EFINANCIALS INTERFACE

Finance

Background

As part of the internal audit report 'Debtors System - Review of the Key Controls' (February 2015), it became clear that invoices prepared by Galw Gwynedd officers (through the Siebel system) created a new debtor number on the eFinancials system in every case, even if the debtor already exists on the system and that he or she already has a debtor number. The audit report recommended that:

Discussions should be held with the Customer Care Service and the Information Technology Service to establish a purposeful script to correctly export the details to the debtors module, to avoid the number of duplicate accounts.

Purpose of the Audit

The purpose of the audit was to ensure that steps had been taken to strengthen the interface between two of the Council's main systems, namely Siebel and eFinancials so that details could be exported accurately from Siebel to the debtors module in eFinancials and to avoid creating duplicate accounts.

Scope of the Audit

The audit included holding discussions with relevant officers from Galw Gwynedd, the IT Service and the Income Service to discuss what steps have been taken to strengthen the interface between the Siebel and eFinancials systems. Also, the audit followed up a sample of applications for specific work that were processed through the Siebel system, whereby it was necessary to create an invoice for the work through the eFinancials system, in order to ensure that duplicate accounts are not created for customers who already have a debtor number.

Main Findings

Following enquiries with officers from Galw Gwynedd and the IT Service, it was expressed that work had been undertaken to improve the interface between both systems, and the first batch of invoices were issued in line with the new procedure at the end of June 2015.

As part of the audit, details were extracted from the eFinancials system in order to identify whether duplicate debtor accounts had been created from July 2015 onwards. Only one case was identified. In this case, it became apparent that an invoice had been created by Galw Gwynedd for an individual in May 2015, generating the debtor number 751601, and then another invoice was charged to the same individual by Galw Gwynedd in July, which generated the debtor number 751715.

When this was investigated, it was found that a list of customer numbers had been copied over to Siebel prior to presenting the new procedure, but that customer number 751601 was not included. When another invoice was charged to the customer after introducing the new system, Siebel could not identify that the customer already existed and therefore a new customer number was created, namely 751715. If invoices are raised to the customer in future, the interface will use this number from now on.

However, it became clear that another debtor number had been generated for the same individual, namely the 751760 debtor number but no transactions are linked to this account. The IT Service expressed that there was a problem with one batch of invoices early on after introducing the new system, and that scripts had to be changed on 20 July 2015 in order to process them. No invoices were created due to the problem, but new debtor numbers had been established and it appears that this customer was one of these numbers that was generated without the production of an invoice.

The IT Service states that the process seemed to have improved after the change on 20 July 2015 and that no other problems have been reported. Following checks of the eFinancials reports, nothing was found to suggest otherwise.

Audit Opinion

(A) The Audit Opinion is that assurance of financial propriety can be expressed in the Siebel and eFinancials Interface arrangements as it is possible to depend on the internal controls in place and they have been followed. However, the situation should be monitored in a timely manner to ensure the interface's effectiveness.

REMOVING LEAVERS FROM IT SYSTEMS

Finance

Background

It is essential that arrangements are in place to remove workers' privileges from the Council's IT systems should they leave their posts within the Council. If an employee changes posts within the Council, it is essential to ensure that the rights to IT systems that he or she has are relevant to the new post. The technical needs of Council employees vary, but in order to mitigate the security threat to sensitive information it is inevitable that the arrangements need to be controlled.

Purpose of the Audit

The aim of the audit was to ensure that controls are in place to remove officers' access to the Council's information technology systems should any changes to their posts occur or if they leave the Council.

Scope of the Audit

The audit focussed on reviewing the processes that are in place to remove officers from IT systems. The auditor checked whether there was a way to identify a user who should be terminated from IT systems i.e. if they had left the Council or had changed posts. In the same manner, a sample of IT systems was selected and it was ensured that users' rights were appropriate and that any terminations were implemented in a timely fashion.

Main Findings

There is no official document for the arrangements of removing officers' rights from IT systems/the Council's network. However, the document 'Human Resources Information Security Standards', formed in 2009, is available on the Council's intranet. The document notes the importance of the need to revoke workers' access if there is any change in their employment i.e. *"Termination of employment may be due to resignation, change of role, suspension or the end of a contract or project."* as the Council holds much personal data and restricted information. The policy also refers to external employees. In line with the policy, it is the responsibility of Line Managers to notify the Helpdesk of new users, changes in roles, and any terminations relating to access to IT systems. Also, the Helpdesk will inform the administrator of relevant systems that users' rights needed to be terminated. This is not an official document.

A report identifying officers who had left the Council's employment during the last year was checked against reports noting a sample of users of the Council's Information Technology systems. It was seen that several officers continue to have access rights to the systems although they have left the Council's employment.

Some administrators have their own arrangements to check users who have access to the systems. They do not receive a request to terminate rights in every case. If they find that an officer has changed posts or no longer works for the Council, they will revoke the rights. Also, it is possible for some administrators to check the user's 'last login', with their own arrangements of revoking the rights if they have not logged in to the system within the past six months / a year.

The IT Service has arrangements to identify accounts that are not used i.e. accounts that do not log in to the network. This usually occurs as the officer has left the Council's employment but the IT Unit has not received notification of this. This is also undertaken in cases of long-term absences e.g. illness, maternity period, unpaid leave. A report of disabled accounts was received, and it was seen that some of the accounts had been disabled since 2005 - these accounts should have been deleted in line with the process. It was explained that the process of creating such reports is arduous and takes officers' time away from other work.

In addition, a report noting external employees who still held accounts on the Council's network was received. These employees have access to the Council's Information Technology systems. At present, there are 353 active accounts for external employees. These employees do not have payroll numbers as they are not employed by the Council, and therefore there is no way of knowing whether they have left the Council in the same manner as usual employees. It is dependent on the line managers/relevant officers to notify the Council that these employees no longer require access. This does not happen in all cases.

Although arrangements are in place, it emerged that many managers were not aware that they had to notify the relevant officers of the need to amend employees' rights where necessary. The procedure was unclear, and they had not been notified of the procedure. Also, it is believed that there is an element of duplication in the 'New User' forms when using these to notify about a 'change of post', as the form needs to be completed with all details e.g. payroll number, national insurance number for officers already in Council employment, although the Council has this information as they are internal employees. Another issue that was highlighted was that former officers from one department who remained in the Council's employment continued to have access to confidential files.

Audit Opinion

(C) The Audit Opinion is that the propriety of Removing Leavers from IT Systems arrangements cannot be stated with assurance as the controls in place cannot be depended upon, but no losses / fraud were found as a result of these managerial weaknesses. The main recommendations of the report are as follows:

- **Consideration should be given to re-visiting the Information Technology policy 'Human Resources Information Security Standards' or rather producing a new official document with the necessary arrangements.**
- **Consideration should be given to a procedure of notifying system owners/administrators of the need to terminate officers' rights from systems on receipt of an application to delete an officer's account from the Council's network - consideration should be given to using the 'Business Software Register 2015'.**
- **It should be ensured that there are arrangements for dealing with accounts that are now inactive i.e. accounts that have been disabled, as well as ensuring consistent activity.**
- **The message that line managers/authorised officers need to notify the IT Unit or the Internal Directory Team if external employees do not need access to the Council's network should be reiterated, as these officers have made the initial application to establish the rights.**

VALIDITY OF INVOICES FROM PRIVATE PROVIDERS
Adults, Health and Well-being

Background

In light of the fact that there has been significant expenditure on third party care providers, it is thought that an audit to review the internal controls would be timely. For the sample of this audit, the service bought encompassed personal home care for people who cannot provide the care for themselves without assistance due to illness, frailty or disability as well as day care.

Purpose of the Audit

The purpose of the audit was to ensure that appropriate controls are in place when checking the accuracy of invoices for private home and day care before approving them for payment.

Scope of the Audit

The audit included tracking a sample of invoices for private care back to the order and client's care plan, as well as the contract between the Authority and the care providers, in order to ensure that the costs that are claimed are appropriate and in line with what has already been agreed. The audit also included checking 'Extra Care Housing' payment arrangements.

Main Findings

The Adults, Health and Well-being Department's Contracts Unit is responsible for contracts between the Council and the care providers. So that providers are included on the Council's list of approved home care providers, they are required to agree to the terms and conditions included in the North Wales Home Care official contract; the pre-placement contract. In addition, the providers must agree to maintain the service for a price that is in accordance with the maximum unit cost set by the Council.

According to a Cabinet Member's Decision Notice (18/03/15) which discusses non-residential fees of 'Social Services' for 2015/16, *"at present (referring to 2014/15), the cost of the Home Care service varies between £14.35 and £18.05 per hour."* When auditing a sample of home care invoices, it became clear that every price was within this range, apart from one company that charged a higher fee. It was found that this derived from the fact that a lack of providers in the area in question at times forced the service to agree to commission care from the company. However, it was seen that the company has not agreed to sign the official 'North Wales Home Care' contract, and to this end the Contracts Unit expressed that the company has not received a new care package from the Council since then.

When auditing a sample of invoices, the information was compared with the care plan and explanations were received for any inconsistencies. In order to ensure that every additional visit is agreed upon, the relevant Area Administrator was asked for information to support them. It was seen that there are case notes to support these, however in one case out of 9 in the sample, it was seen that extras had not been noted as 'additional' on the Service Placement.

Audit Opinion

(B) The Audit opinion is that partial assurance can be expressed on the propriety of the 'Validity of Invoices from Private Providers' as there are controls in place, but there are aspects where some arrangements can be tightened. The main recommendation of the report is as follows:

- It should be ensured that any additional service is noted on service placements, before approving a payment for it.

CHARGES ON PROPERTIES OF HOME RESIDENTS

Adults, Health and Well-being

Background

A request was made by the Cabinet Member for Resources to investigate the period of time it takes to place a legal charge on the property of individuals who receive care in residential homes. This derives from the total amount of debts associated with residents that are cleared. Under the National Assistance Act 1948, local authorities are expected to arrange provision for residential care to the individuals who, after being assessed, need care such as this and who meets the local authority's criteria for this.

Purpose of the Audit

The purpose of the audit was to investigate the possibility of reducing the amount of debts that are written off, which are associated with residents of homes, leading to reducing the loss of income that the Council is facing.

Scope of the Audit

The audit included looking at the Council's debts which are over £5,000 and have been written off, and which are linked to home residents. It was investigated why legal charges have not been placed on the properties in question, and what steps should be taken to reduce write-offs like this in future.

Main Findings

Ideally, the Council will make every effort to propose a deferred payment contract to residents as a first point of call, so that the Council has permission to place legal charges on the property. If the individual or representative does not agree, or ignores the proposal and refuses to make payments for the care they receive, then the Council can place a charge on the property without permission to do so by using the HASSASSA Act (Health and Social Services and Social Security Adjudications Act 1983).

The Council has a duty to secure a placement for the individual in either a residential or nursing home, therefore the Council will start paying for the care without confirmation that the resident is eligible for financial support. Delays in conducting financial assessments and checking the information can lead to further delay before a contract can be established, and in the meantime a substantial debt can accrue. Therefore, the Council does not offer the contract to residents, but rather it was seen (as part of the 'Assets of Residents of Homes' audit, March 2015) that HASSASSA is used as soon as possible as there is no other way of safeguarding the debt during the time it takes to undertake assessments.

It is clear that the root of the debts is the residents' or their next of kin's inability or unwillingness to pay the contributions. It was felt that a basic problem in most cases was the difficulties that the Business Service experienced in trying to receive responses for information from the residents' next of kin. It is clear that the Service has attempted to recover the debts, either through phone conversations or by sending letters to the relevant individuals, but that contacting a client's representative - whether or not they have Power of Attorney - proved difficult.

As well as the Business Service, the Income and Legal Services are part of the process of recovering the debts. It was seen that there is no established collaboration strategy, and as a result it is unclear who has ownership for the various debts at any given time or who is accountable for them. Given the evidence, it is felt that the debt accrues to a significant sum before specific steps are taken to recover it, as the time taken to respond to enquiries between officers or a third party is quite long in some cases.

In general, it is clear that the complexity and sensitivity of the field in question places considerable pressure on the Business Service as it seeks to manage and recover the numerous debts at hand, which are all different in nature. Without a specific strategy in terms of collaboration between the services (Business, Income and Legal), there is no clear ownership or accountability. It is considered that the possibility that the benefits gained from succeeding to recover the debts would outweigh the costs of establishing the strategies. Also, it was found that there were minor errors in documents, including some letters that were sent externally, that could have contributed to increasing the time taken to recover the debts.

Audit Opinion

(C) The Audit Opinion is that assurance cannot be given of propriety in the arrangements of managing the debts of residential/nursing home residents as the controls in place cannot be relied upon. The main recommendations of the report are as follows:

- **A procedure for identifying debts sooner should be established, as well as taking appropriate steps to prevent the debt from significantly accruing.**
- **The payments should be monitored more regularly and late payments should be pursued immediately.**
- **Roles need to be clear regarding who has responsibility/ownership for payments and any accruing debts, by establishing a working group that includes members from the Business, Income and Legal Services, to meet regularly to address the matter.**