



## RISK, AUDIT AND PERFORMANCE COMMITTEE

<b>Date of Meeting</b>	19/09/23
<b>Report Title</b>	Internal Audit Report – Adults with Incapacity
<b>Report Number</b>	HSCP23.066
<b>Lead Officer</b>	Jamie Dale, Chief Internal Auditor
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<b>Consultation Checklist Completed</b>	Yes
<b>Directions Required</b>	No
<b>Appendices</b>	None

### 1. Purpose of the Report

- 1.1. The purpose of this report is to present the outcome from the planned audit of Adults with Incapacity that was included in the Internal Audit Plan.

### 2. Recommendations

- 2.1. It is recommended that the Risk, Audit and Performance Committee review, discuss and comment on the issues raised within this report.

### 3. Summary of Key Information

#### Assurance Assessment

- 3.1. Internal audit has identified an overall net risk rating of **MAJOR**, with **LIMITED** assurance obtained over this area.
- 3.2. Areas of controls are in development but have yet to be fully implemented. Efficiency is partly affected by ongoing development following the introduction of a new care management recording system – with specific



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service areas still identifying what needs to be recorded in the system. Procedures in respect of appointeeship, access to funds, financial guardianship and intervention are out of date and there is no evidence of review to ensure they are relevant and tried and tested for sufficiency. Reliance is largely placed on legislation and other high-level guidance, rather than locally relevant procedures and training. As a result, inconsistent practice was identified during the audit.

- 3.3. Records are not always accessible, and the lack of clarity over procedure results in inconsistent filing, recording, and annotation of records. Some records are not on file, including legal documentation, certification of incapacity, and intended use of funds. Where changes take place, records are not consistently being updated to reflect changes. System records are incomplete. This presents risks to service delivery, and to the need to keep accurate data in compliance with data protection legislation. Where records are in place these do not always demonstrate adherence to the minimum intervention principle set out in the Adults with Incapacity (Scotland) Act 2000.
- 3.4. Whilst there are controls over funds received into and distributed from a centralised corporate appointee account, these funds are regularly withdrawn in cash, and a number of weaknesses were identified including an absence of checks, authorisation controls, and evidenced segregation of duties. Following withdrawals there is limited evidence of management of service users' assets. Funds are generally managed by care workers, and their activities in respect of AWI finances are not subject to regular independent review. Supporting evidence in respect of client funds management is limited and is not being reviewed and investigated where there are potential irregularities; this includes an absence of clear plans for spending, and records of use of funds, and changes from confirmed benefit entitlements. Inventories are not routinely maintained or updated, and financial assets in excess of relevant thresholds are not considered for separate management (e.g. in interest bearing accounts).
- 3.5. The lack of control over this area means that there is substantial scope for fraud and error where funds and moveable property are being accessed and managed on others' behalf. Whilst no evidence of recent fraud or theft was identified in the audit, current controls may not prevent or identify it.



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There are risks to vulnerable service users' funds, and to staff involved in the management of their funds, if appropriate procedures, checks, and balances are not in place and operating effectively.

- 3.6. Recommendations have been made to address the above risks, which Management has agreed to as part of a timebound action plan. This was discussed with Internal Audit and it considered to be proportionate in the wider context of ongoing work and recognising the need to consider flexibility and efficiency as well as control.

### Severe or Major Issues / Risks

- 3.7. Issues and risks identified are categorised according to their impact. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating
1.1	<p><b>Written Procedures and Training</b> – Procedures, although out of date, are available to assist with aspects of the service. However, within the available procedures or signposted guidance there is insufficient detail in respect of practical application and management of arrangements for Adults with Incapacity, particularly in respect of Records and Funds Management. There was no practical documented guidance or training covering day to day management of funds or assets on behalf of service users.</p> <p>As a result, inconsistent practice was identified during the audit, as noted in the latter elements of this report. This presents risks including fraud, reputational risk and the cost of investigation and rework / corrections.</p>	Y	Major
1.2	<p><b>Complete and Consistent Records</b> – Documentation to verify client classifications is essential to demonstrate that any interventions are appropriate and are being managed correctly. However, client documents are not held consistently or consolidated in an accessible location. There is no complete central record of all AWI service users, interventions, and activities. Varying records were held by Finance, The Financial Assessments team, Adult Mental Health Administration, Care Managers / Social workers, and Care Practitioners, each with different sets of service users recorded as in receipt of AWI support. Records varied between and within systems, reports, lists and shared hard drives. Classification of the type of intervention on the care management system also varied, and records were incomplete.</p>	Y	Major



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	There is therefore a risk, particularly where there are changes in staffing, that important information will not be available when it is required. Inaccuracies in the data reduce the assurance the Service can obtain from system reports, that all adults with incapacity have appropriate interventions in place. The UK General Data Protection Regulation (GDPR) includes data accuracy as one of its seven key principles. There is a risk therefore of the Council breaching legislative requirements in this regard.		
1.3	<p><b>Minimum Intervention</b> – In contrast to Council and DWP guidance, and the ‘minimum intervention’ principle set out in the Adults with Incapacity (Scotland) Act 2000, corporate appointeeships are in place in cases where incapacity has not been specifically determined by a medical practitioner. This includes cases where clients had other bank accounts – indicating that other funds, and the means or capacity to manage them, are in place.</p> <p>There was no indication of review by another officer prior to submission and processing of requests to manage DWP benefits on service users’ behalf – limiting assurance that interventions have been appropriately assessed as necessary.</p>	Y	Major
1.4	<p><b>Financial Controls</b> – Where financial interventions are appropriate and necessary, these need to be suitably controlled in order to satisfy local ACHSCP and national requirements, to protect vulnerable service users and their finances, and to protect staff responsible for their management. Whilst there are controls over funds in the corporate appointee account, weaknesses were identified including an absence of checks, authorisation controls and evidenced segregation of duties.</p> <p>Cash transactions present increased risk due to its portability, desirability, and the absence of an audit trail after it has been released. In the absence of appropriate controls, funds may be at increased risk of loss through fraud or error.</p>	Y	Major
1.5	<p><b>Funds Management Records</b> – Supporting evidence in respect of client funds management is poor. There are no records of routine review to identify any irregularities for further review. In the absence of detailed and verified records and independent checks there is a risk that funds will not be utilised as planned or may be subject to misuse – resulting in financial loss, or a perception that this may be the case – resulting in reputational damage.</p>	Y	Major

### Management Response

- 3.8. The Services welcome the improvements identified by the Internal Audit team. It recognises and acknowledges that there is a requirement to



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strengthen and streamline the existing processes to ensure consistency and good practice across the service and to mitigate risk. Although there is a need to update processes and procedures, it is noted that controls in place ensured no material financial loss was identified. Furthermore, all service objectives were met in relation to service delivery which puts support for people at the centre. The services have implemented a short life working group including representatives from across adult services to take forward a comprehensive action plan. Sub-groups will be tasked with addressing the recommendations from each section. The short life working group will continually review the action plan to ensure the balance of appropriate controls are in place whilst allowing flexibility in the processes which meets the varied needs of service users. This is vital in enabling choice and control by service users as outlined in the Health & Social Care Standards and that service users are not negatively impacted. Updates to guidance and training are also in progress and will be further reviewed prior to implementation to ensure areas of improvement highlighted in the audit report are addressed. All timescales identified below for completion of the actions take are considered to be proportionate with regard to the level of risk. This work will be overseen by the Process Owner.

### **4. Implications for IJB**

- 4.1. **Equalities** – An equality impact assessment is not required because the reason for this report is for the Risk, Audit and Performance Committee to discuss, review and comment on the contents of an Internal Audit report and there will be no differential impact, as a result of this report, on people with protected characteristics.
- 4.2. **Fairer Scotland Duty** – There are no direct implications arising from this report.
- 4.3. **Financial** – There are no direct implications arising from this report.
- 4.4. **Workforce** – There are no direct implications arising from this report.
- 4.5. **Legal** – There are no direct implications arising from this report.
- 4.6. **Other** – NA

### **5. Links to ACHSCP Strategic Plan**



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5.1. Ensuring effective performance reporting and use of Key Performance Indicators will help the IJB deliver on all strategic priorities as identified in its strategic plan.

### **6. Management of Risk**

6.1. **Identified risks(s):** The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the resultant report.

6.2. **Link to risks on strategic risk register:** There is a risk of financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and projects an overspend.

6.3. **How might the content of this report impact or mitigate these risks:** Where risks have been identified during the Internal Audit process, recommendations have been made to management to mitigate these risks.