

ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	28 November 2024
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2414 – Social Care Financial Assessments
<b>REPORT NUMBER</b>	IA/AC2414
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Jamie Dale
<b>TERMS OF REFERENCE</b>	2.2

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**1. PURPOSE OF REPORT**

1.1 The purpose of this report is to present the planned Internal Audit report on Social Care Financial Assessments.

**2. RECOMMENDATION**

2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

**3. CURRENT SITUATION**

3.1 Internal Audit has completed the attached report which relates to an audit of Social Care Financial Assessments.

**4. FINANCIAL IMPLICATIONS**

4.1 There are no direct financial implications arising from the recommendations of this report.

**5. LEGAL IMPLICATIONS**

5.1 There are no direct legal implications arising from the recommendations of this report.

**6. ENVIRONMENTAL IMPLICATIONS**

6.1 There are no direct environmental implications arising from the recommendations of this report.

**7. RISK**

7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

## 8. OUTCOMES

8.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.

8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required

## 10. BACKGROUND PAPERS

10.1 There are no relevant background papers related directly to this report.

## 11. APPENDICES

11.1 Internal Audit report AC2414 – Social Care Financial Assessments

## 12. REPORT AUTHOR CONTACT DETAILS

Name	Jamie Dale
Title	Chief Internal Auditor
Email Address	<a href="mailto:Jamie.Dale@aberdeenshire.gov.uk">Jamie.Dale@aberdeenshire.gov.uk</a>
Tel	(01467) 530 988



## Internal Audit

### Assurance Review of Social Care Financial Assessments

**Status:** Final

**Date:** 24 July 2024

**Risk Level:** Function

**Report No:** AC2414

**Assurance Year:** 2023/24

Net Risk Rating	Description	Assurance Assessment
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited

Report Tracking	Planned Date	Actual Date
Scope issued	17-Nov-23	17-Nov-23
Scope agreed	24-Nov-23	24-Nov-23
Fieldwork commenced	18-Dec-23	18-Dec-23
Fieldwork completed	09-Feb-24	27-May-24
Draft report issued	23-Feb-24	03-Jun-24
Process owner response	15-Mar-24	10-Jul-24
Director response	22-Mar-24	24-Jul-24
Final report issued	29-Mar-24	24-Jul-24
AR&S Committee	26-Sep-24	

Distribution	
<b>Document type</b>	Assurance Report
<b>Director</b>	Fiona Mitchelhill, Chief Officer – Health and Social Care Partnership
<b>Process Owner</b>	Kenny Low, Chief Finance Officer (HSCP)
<b>Stakeholder</b>	Nicola McLean, Acting Chief Social Worker (Adults)
	Fraser Bell, Chief Operating Officer (HSCP)*
	Jonathan Belford, Chief Officer – Finance (Council)*
<b>*Final only</b>	Vikki Cuthbert, Interim Chief Officer – Governance (Council)*
	External Audit*
<b>Lead auditor</b>	Rachel Brand, Auditor

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# 1 Introduction

## 1.1 Area subject to review

Aberdeen City Health and Social Care Partnership (ACHSCP) aims to help people live at home independently, safely, and for as long as possible. To help to continue to be able to provide services to people with a range of needs, they are asked, if they can afford it, to contribute towards the cost of certain aspects of their care and support services. Local authorities are empowered by statute to make decisions about charging for non-residential community care services provided or arranged under the Social Work (Scotland) Act 1968 and sections 7 and 8 of the Mental Health (Scotland) Act 1984 and other relevant Social Work Legislation and Guidance.

Decisions made in relation to charging are set within the overall context of increasing demand for services as a result of a growing, ageing population with increased incidences of multiple and complex needs and a corresponding reduction in the budget available. ACHSCP are having to provide more services with less money, and are continually reviewing service delivery and practice to try to reduce costs, increase efficiency and achieve best value to avoid increasing the charges to those who use services. Some level of charging is, however, inevitable.

The charging policy was last updated and approved in June 2019, by the City Growth and Resources Committee. The charges for Non-residential care are carefully considered to ensure that they are reasonable for people to pay and they consider the type of service provided and the recipient of the service, the person's ability to meet the cost, and what others in similar circumstances but living in different areas across Scotland are asked to pay. Any charge made will not exceed the actual cost of providing the service. Services include care and support, housing support, warden charges, community alarms and day care.

Charges for residential services are made in accordance with the national Charging for Residential Accommodation Guide (CRAG). Ability to pay is determined through a financial assessment of each service user's income, capital and assets, and specified outgoings, completed by a dedicated Support Team within Finance.

During 2022/23 the cost of providing social work services was £139.7 million, and £12.3 million of contribution towards the cost of this care was received from service users. For 2023/24 costs are budgeted at £143.1 million and income at £13.6 million.

The ability of a service user to pay for Non-residential care is determined by a financial assessment of their income, capital, and specified outgoings, completed by a dedicated Support Team within Finance. Similarly, service users who require full time Residential care are assessed on their ability to pay (typically weekly Care Home fees) through an examination of their weekly income and any capital held, which can also include ownership of property.

## 1.2 Rationale for the review

The objective of this audit is to obtain assurance that adequate arrangements are in place to undertake social care financial assessments in an accurate and efficient manner, with a focus on the systems used. If these processes are not followed correctly, there is increased potential for service users being charged incorrectly, presenting a financial and reputational risk. Under-recovery presents an additional financial strain on ACHSCP resources. Over-recovery presents a risk to potentially vulnerable service users.

An audit in this area was last carried out in 2017/18, with the main recommendations focused on improving guidance and record keeping, and ensuring full financial checks are being carried out and documented.

## 1.3 How to use this report

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This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

## 2 Executive Summary

### 2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.

### 2.2 Assurance assessment

The level of net risk is assessed as **MAJOR**, with the control framework deemed to provide **LIMITED** assurance over the Council's arrangements for completing social care financial assessments.

The Non-Residential Charging Policy: "Contributing to your care", was agreed by the Council (City Growth and Resources Committee) on 6 June 2019, updating a previously approved policy from 2015 which had not been implemented pending health and social care integration. The 2019 Policy, which was to be implemented from 1 July 2019, is published on the Health and Social Care Partnership's website, and sets out defined methods of calculating required contributions to the cost of service users' care. However, this Policy has not been implemented in practice. The Service has referenced the impact of COVID-19 (March 2020 onwards) and implementing a new Care Management System (October 2022), and bases current practice on Policy originally determined in 2011, amended for changes in costs and benefits. The Service commenced a review of charging policy implementation in November 2023 with a view to implementing further agreed charges, developing training and practice to support its application, and to update the Policy again to reflect current requirements. It is intended to report to the Finance and Resources Committee in August 2024 with a proposed new Non-Residential Charging Policy. In the interim, and since July 2019, service users continue to be charged based on historic practices rather than published policy. There is a risk this will have an unintended impact on Service and service user finances, presenting a risk to service delivery and the Health and Social Care Partnership's reputation.

The implementation of a new Care Management System in October 2022 was a major shift in working practices and development of the system functionality has continued since then, with further development planned. Whilst there are generic practical procedures, and controls built in to the system, there are only limited notes on local application, reducing assurance over the application of internal controls throughout the process. The small size of the financial assessment team presents risk to consistent application of working practices in the event of changes. Procedures and training for Social Care practitioners supporting service users in the completion of application forms are still under development, presenting a risk of inconsistent application.

As part of its budget approved in March 2024, the Integration Joint Board agreed a saving of £1.5 million related to clearing a backlog of financial assessments. Additional staff resource has been identified to address this. At the time of the audit, data indicated there were 996 overdue assessments. Whilst this is being tracked, further data was not available to assist in prioritising this workload. The Service has noted this has increased to 1237, including 248 non-residential and 989 residential assessments.

Although calculations are largely carried out by the System itself, reducing the risk of manual error, this is wholly reliant on the accuracy of the data input. Variations between application form data and system

records indicate there are further calculations and adjustments being completed prior to data entry. These further calculations, and the sources of further information, are not being retained along with other supporting documentation on the system. Adjustments are being made regularly to change the values recorded on the system, to effect a desired outcome (e.g. to apply anticipated changes to allowances or capital values in advance, to avoid having to re-perform another assessment in the short term.) Whilst in individual instances the impact would have been minimal, it means a different threshold is being applied to that required, and accurate data is not being recorded. If this is occurring regularly, the financial impact may be more material, and it impacts on transparency and equitable treatment. Given that the Charging Policy being applied does not match what has been published it is unlikely that service users or their representatives will be able to independently confirm the accuracy of what they are being charged.

Recommendations have been made to implement and consistently apply the agreed Charging Policy, seeking formal approval for any changes; to develop and implement written procedures clarifying the key controls to be applied; to set priorities for addressing overdue assessments; and to ensure all supporting evidence is reviewed and retained.

### 2.3 Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Council. 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	Page No.
1.1	<p><b>Charging Policy</b> – The latest version of the Non-Residential Charging Policy: “Contributing to your care”, was agreed by the Council (City Growth and Resources Committee) on 6 June 2019, updating a previously approved policy from 2015 which had not been implemented pending health and social care integration. The 2019 Policy is published on the Health and Social Care Partnership’s website, and sets out defined methods of calculating required contributions to the cost of service users’ care. It was agreed it would be implemented from 1 July 2019. However, this Policy has not been implemented in practice. The Service has referenced the impact of COVID-19 (March 2020 onwards) and implementing a new Care Management System (October 2022), and bases current practice on Policy originally determined in 2011 , amended for changes in costs and benefits.</p> <p>The Service commenced a review of charging policy implementation in November 2023 with a view to implementing further agreed charges, developing training and practice to support its application, and to update the Policy again to reflect current requirements. It is intended to report to the Finance and Resources Committee in August 2024 with a proposed new Non-Residential Charging Policy. In the interim, and since July 2019, service users continue to be charged on a different basis from</p>	Y	Major	10

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	agreed and published policy. There is a risk this will have a detrimental impact on Service and service user finances, presenting a risk to service delivery and the Health and Social Care Partnership's reputation.			
1.2	<p><b>Written Procedures</b> – Following implementation of a new Care Management System in October 2022, procedures and their application are still under development. Processes are reliant on existing staff knowledge of how the process should operate and from where information should be obtained: there are no formal written procedures. With the exception of generic procedures and controls built in to the system, this provides limited assurance over the consistent application of internal controls throughout the process.</p> <p>Service users are supported by their Social Care Practitioner to complete financial assessment application forms. The Practitioner is also involved in confirming the accuracy of the content. Written procedures and training to provide this support are still under development, reducing assurance that responsibilities are clearly understood, and that the process is being applied consistently.</p>	Y	Major	11
1.4	<p><b>Supporting Records</b> – Calculations are largely carried out by the System itself, reducing the risk of manual error. However, it is evident there are further calculations and adjustments being completed prior to data entry. These further calculations, the sources of further information, assumptions and reviews to confirm values included in applications are accurate and reasonable, are either not being completed, or are not being retained along with other supporting documentation on the system. This, in addition to resource availability within the Service, led to delays in obtaining responses and explanations for audit enquiries.</p> <p>Adjustments are being made regularly to change the values recorded on the system, to effect a desired outcome (e.g. to apply anticipated changes to allowances or capital values in advance, to avoid having to re-perform another assessment in the short term.) Whilst in individual instances the impact would have been minimal, it means a different threshold is being applied to that</p>	Y	Major	13



Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	<p>required, and accurate data is not being recorded. If this is occurring regularly, the financial impact may be more material, and it impacts on transparency and equitable treatment.</p> <p>Given that the charging policy being applied does not match what has been published it is unlikely that service users or their representatives will be able to independently confirm the accuracy of what they are being charged. It is therefore essential there are sufficient checks, controls, supporting records and explanations on file to provide assurance to service users and management that the basis of charges is appropriate.</p>			

## 2.4 Management response

*This report draws attention to the challenges and weaknesses that exist in the consistency and transparency of our processes for financially assessing the ability of service users to pay for adult social care services. A number of the recommendations were already being progressed, including preparation for the revision of the non-residential charging policy, which will be presented to the Finance & Resources Committee in August 2024. The recommendations also offer the opportunity for the Health & Social Care Partnership and Council to improve working practices, procedures and processes as well as consider the organisational structure and whether this is supporting the best outcomes for service users and the organisation.*

*The recommendations are agreed as being necessary and the Health & Social Care Partnership and Council will actively pursue the actions required to make the improvements needed.*

## 3 Issues / Risks, Recommendations, and Management Response

### 3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Major
1.1	<p><b>Charging Policy</b> – For Residential care homes, the Health and Social Care Partnership has adopted and applies national Charging for Residential Accommodation Guidance (CRAG). Content and associated rates are updated annually.</p> <p>The latest version of the Non-Residential Charging Policy: “Contributing to your care”, was agreed by the Council (City Growth and Resources Committee) on 6 June 2019, updating a previously approved policy from 2015, which had not been implemented pending health and social care integration. The 2019 Policy is published on the Health and Social Care Partnership’s website, and sets out defined methods of calculating required contributions to the cost of service users’ care. It was agreed it would be implemented from 1 July 2019. However, this Policy has not been implemented in practice. The Service has referenced the impact of COVID-19 (March 2020 onwards) and a new care management system (October 2022), and bases current practice on Policy originally determined in 2011, amended for changes in costs and benefits. Charges and allowances are generally up-rated for inflation annually, with a small number of charges set as part of the Council’s annual budget setting process.</p> <p>The Service commenced a review of charging policy implementation in November 2023 with a view to implementing further agreed charges, developing training and practice to support its application, and to update the Policy again to reflect current requirements. It is intended to report to the Finance and Resources Committee in August 2024 with a proposed new Non-Residential Charging Policy. Whilst this represents positive action, the Service track record for implementing charging policy since 2015 remains a concern. In the interim, and since July 2019, service users continue to be charged on a different basis from agreed and published policy.</p> <p>Key policy commitments including: charges being based on the lower of a maximum of 67% of available income, or 70% of the cost of care provided; and quarterly reconciliations to avoid and adjust for over- or under-contributions, were never implemented. Under the Council’s Scheme of Governance, officers do not have delegated powers to set aside implementation of agreed policy. There is a risk this will have a detrimental impact on Service and service user finances, presenting a risk to service delivery and the Health and Social Care Partnership’s reputation.</p>		
<b>IA Recommended Mitigating Actions</b>			
<p>The Service should ensure agreed Policy is implemented fully and timeously. Any proposed changes to Policy will require to be subject to consultation, an updated Integrated Impact Assessment, and Committee approval. A timetable for resolution should be agreed with the Integration Joint Board and relevant Council Committee, and subsequent reviews should be scheduled.</p>			
<b>Management Actions to Address Issues/Risks</b>			
<p><i>Following the approval of the non-residential charging policy in 2019, the operating environment for Health and Social Care changed dramatically with the Covid pandemic impacting priorities and resources. The implementation of the policy relied on resources being directed to secure the necessary data and put in place the processes required. This resource allocation was not possible and the Health and Social Care Partnership having recognised the situation and mismatch that exists between policy and practice has been actively putting in place a revised policy. This policy has been prepared for approval by the Finance and Resources Committee on 7 August and will enable a policy that is clear to</i></p>			

Ref	Description	Risk Rating	Major
	<i>implement and can be understood by clients and carers. The proposed policy states that it will be reviewed annually. Accordingly it is referred to in the Health and Social Care Partnership's Budget Setting Pathway to ensure that there is an active review during quarter 1 of each financial year.</i>		
	<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
	Yes	H&SCP Chief Finance Officer and Service Manager	August 2024

Ref	Description	Risk Rating	Major
1.2	<p><b>Written Procedures</b> – Following implementation of a new Care Management System in October 2022, procedures and their application are still under development. Whilst there are system operating manuals, and outline notes on practical application (i.e. 'how to' guides for specific tasks), these are reliant on existing staff knowledge of how the process should operate and from where information should be obtained; there are no formal written procedures. With the exception of controls built in to the system, this provides limited assurance over the application of internal controls throughout the process. In the event of changes within the financial assessment team, for example new and/or temporary staff brought in to address a backlog of assessments, this could also present risks to consistent application.</p> <p>Service users are supported by their Social Care Practitioner to complete financial assessment application forms. The Practitioner is also involved in confirming the accuracy of the content. Written procedures and training to provide this support are still under development, reducing assurance that responsibilities are clearly understood, and that the process is being applied consistently. A baseline staff survey carried out by the Service indicated a need for more information, support and training. This is being progressed as part of a Short Life Working Group.</p> <p>The forms do not include all information required to complete an assessment. For example: the Residential application only requests information on capital disposed of in the previous six months, yet in practice the Service requests bank statements going back 12 months, and may consider assets going back several years.</p> <p>There is reference to the Council making use of information provided to prevent and detect fraud on the Residential application form, but not on the Non-Residential application form. However, the responsibilities of applicants for financial assistance, and the potential consequences of providing incorrect information, or failing to provide complete information, are not clearly set out on the application forms – i.e. that this could be considered and treated as attempted fraud. In practice, assessments and charges are revised in light of new information, backdated to the point at which they should have changed – but unless this is identified as part of the assessment process, this generally relies on service users volunteering this information. There are no periodic checks on income, expenditure, and levels of capital.</p> <p>Whilst applications are being processed on the new care management system, supporting records including the application form itself are completed manually. There may be scope for efficiencies and improved accuracy if more of the process could be automated or moved online.</p>		
	<b>IA Recommended Mitigating Actions</b>		
	<p>The Service should document the procedures and internal controls to be applied.</p> <p>Opportunities to improve the forms and efficiency of the process should be explored.</p>		

Ref	Description	Risk Rating	Major
	<b>Management Actions to Address Issues/Risks</b>		
	<i>This recommendation provides the opportunity for management to look at the process and procedures for completing the financial assessments for both residential and non-residential care situations. This should include consideration of the relationships between Social Care and Finance staff and look at a staffing business case to bring the tasks and activities closer together within the Health &amp; Social Care Partnership. Improvement of forms and data collection will be reviewed and included in system development priorities.</i>		
	<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
	Yes	H&SCP Chief Finance Officer	December 2024

Ref	Description	Risk Rating	Moderate
1.3	<p><b>Overdue Assessments</b> – As part of its budget approved in March 2024, the Integration Joint Board agreed a saving of £1.5 million related to clearing a backlog of financial assessments. Additional staff resource has been identified to address this. At the time of the audit, the Service was able to provide a report that identified 996 overdue assessments. The Service has noted this has increased to 1237, including 248 non-residential and 989 residential assessments. Although this is being tracked, limited further data is available to assist in prioritising this workload (e.g. there is no indication of how long each case has been overdue, or what value of charge is currently being paid).</p> <p>Four out of ten residential cases reviewed as part of the audit (40%) had an assessment application on file, but this had not yet been used to update the system and charges.</p> <p>Residential service users are typically placed on a ‘manual banding’ or standard charge pending assessment. Until they have been assessed / reassessed, service users may be paying more or less than they are required to contribute towards their care. There is a risk this will have a detrimental impact on Service and service user finances, presenting a risk to service delivery and the Health and Social Care Partnership’s reputation. Balances may accrue and require to be recovered or repaid, requiring further administration, and presenting a risk of non-recovery.</p>		
	<b>IA Recommended Mitigating Actions</b>		
	<p>The Service should set priorities for completing overdue assessments.</p> <p>Processes should be reviewed to ensure assessments can be completed timeously, within available resource.</p>		
	<b>Management Actions to Address Issues/Risks</b>		
	<i>Monitoring of the finance team activity is ongoing with a monthly report being created to highlight backlog / accrual amount / volume of variations / volume of cancellations of care related to finance. The report had been requested and built pre audit response being shared. Through activity by the Charging Policy Short Life Working Group (SLWG), a consensus has been reached re areas for improvement and where there are opportunities for working more collaboratively to streamline systems and tackle any anomalies. These priorities and progress will be documented.</i>		
	<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
	Yes	H&SCP Chief Finance Officer	September 2024

Ref	Description	Risk Rating	Major
1.4	<p><b>Supporting Records</b> – As part of this audit, a sample of ten Residential and ten Non-Residential service users for whom recent assessments had been carried out was reviewed.</p> <p>Calculations are largely carried out by the system itself, reducing the risk of manual error. However, it is evident there are further calculations and adjustments being completed prior to data entry, as discussed below. These further calculations, and the sources of further information, are not being retained along with other supporting documentation on the system. This, in addition to resource availability within the Service, led to delays in obtaining responses and explanations for audit enquiries.</p> <p>We were unable to fully confirm that information included in an application for financial support (for either Residential or Non-Residential care) is reviewed for accuracy and reasonableness in advance of processing, or that other sources of data have been used.</p> <p><u>Residential</u></p> <ul style="list-style-type: none"> <li>Practitioners are required to record on the application form that they have viewed supporting evidence. In three of five cases where a new application form was on file and required this, it had not been completed.</li> <li>One of 10 Residential applications (10%) omitted to include previous address details.</li> <li>For one of the Residential samples selected, the value of capital was recorded as £1 less than the threshold amount, meaning they pay less towards their care. The Service confirmed that their actual capital was just above the threshold, but that in such cases they change the amount to be below the threshold as the amount would quickly go below the threshold and require a second assessment to be carried out. Whilst in this instance the impact would have been minimal, it means a different threshold is being applied to that required, and accurate data is not being recorded. If this is occurring regularly, the financial impact may be more material, and it impacts on transparency and equitable treatment.</li> <li>The Service carries out benefits and pensions checks using available systems, and retains copies of these on file. However, where it had been completed the details did not always fully match between this, application forms, bank statements and other records (where these were held on file), and there are no supplementary explanations held on file. Six of ten Residential cases (60%) reviewed did not have this check on file.</li> </ul> <p><u>Non-Residential</u></p> <ul style="list-style-type: none"> <li>Two of 10 Non-Residential cases (20%) had no application form held on file at all.</li> <li>Practitioners are required to record on the application form that they have viewed supporting evidence, but this is only the case for new assessments (i.e. it is not checked at re-assessment). The requirement and responsibility of the social worker in respect of accuracy, and appropriate sources of information, is not clearly set out on the forms.</li> <li>The Service carries out benefits and pensions checks using available systems, and retains copies of these on file. However, where it had been completed the details did not always fully match between this, application forms, bank statements and other records (where these were held on file), and there are no supplementary explanations held on file. Three of 10 Non-residential cases (30%) reviewed did not have this check on file.</li> <li>The Service does not request bank statements for Non-Residential applications, as it considers there is no basis for requesting this information. However, without it, it will be impossible to determine whether the information provided on the application form (e.g. available capital, income streams, regular outgoings) is accurate.</li> </ul>		

Ref	Description	Risk Rating	Major
	<ul style="list-style-type: none"> <li>• Allowances for rent and insurance costs do not always match what has been stated on the financial assessment application form. <ul style="list-style-type: none"> <li>○ In three of 10 Non-Residential cases (30%), the amounts applied on the system did not match the information provided on the application. Further records to explain or evidence these adjustments were not available.</li> <li>○ For example in one case, an application stated rent: £114.92, insurance £23.65, council tax £24.92, but the assessment is based on £77.72, £1.56, and £26.17 respectively.</li> <li>○ The Service has stated that adjustments may be made including e.g. deduction of heating where this has been combined with rent; and a 10/12ths adjustment for Council tax being paid over ten months. Such adjustments / assumptions, and the supporting evidence for the figures used, are not recorded, and are not reflected in written procedures (see 1.2).</li> </ul> </li> <li>• A standard 'personal allowance' is set on the system to disregard a minimum amount of income to cover daily living costs. At the time of the audit, the agreed value of this allowance had changed (from £228 to £252), but the system had not been updated to automatically apply the change. Instead, in two of ten Non-residential cases (20%), adjustments have been made to apply other allowances/disregards to 'correct' the personal allowance on the system to match current requirements. In another case, no such adjustment had been made. When the system personal allowance rate is adjusted in future, these disregards will not automatically be disapplied, resulting in inequity between service users, and reduced income to the Service. Reassessments may be required, adding to pressure on resources to address a backlog.</li> <li>• Where assessments have been delayed, or are updated following a change of circumstances, there may be arrears to be recovered or a balance to be refunded. In one Non-Residential case, this led to a charge greater than the service user's available income according to the system. Whilst calculations are explained in letters sent to the service users, there were no supporting records available to demonstrate that these reflected the circumstances at the time, and had been subject to appropriate review prior to being sent out.</li> </ul> <p><u>General</u></p> <ul style="list-style-type: none"> <li>• Whilst the Service can check other system records to confirm that Power of Attorney applies in cases where an application has been submitted on behalf of an adult with incapacity, there is no record to confirm this has taken place prior to acting on a submitted request from a third party.</li> </ul> <p>The Service has stated that:  <i>"In terms of contextualising instances when adjustments are made out with the system, these generally relate to back dated assessments and are calculations to inform the financial contact of money due to be repaid back to Aberdeen City Council. This calculation would be attached to an email along with the letter to the financial contact. If unable to email, then a copy of the letter and calculation will save on the client's record. This information is recorded on D365 notes that can be accessed by Social work staff"</i></p> <p>However, the sources of data used in such calculations were not well recorded in the cases reviewed by Internal Audit. If this information is not retained, or undeclared assumptions have been made, there is a greater risk of errors being made and not identified and corrected timeously.</p> <p>Given that the Non-Residential charging policy being applied does not match what has been published (see 1.1) it is unlikely that service users or their representatives will be able to independently confirm the accuracy of what they are being charged. It is therefore essential</p>		

Ref	Description	Risk Rating	Major
	<p>there are sufficient checks, controls, supporting records and explanations on file to provide assurance to service users and management that the basis of charges is appropriate.</p> <p>Whilst the principles of the Residential charging policy are being applied, the absence of supporting documentation and explanations reduces assurance that it is being applied consistently and correctly to arrive at equitable and accurate charges.</p>		
	<b>IA Recommended Mitigating Actions</b>		
	<p>The Service should ensure supporting evidence, calculations, and explanations are consistently and accurately recorded on the system for both Residential and Non-Residential care. All variations and exceptions should be subject to secondary review and approval.</p>		
	<b>Management Actions to Address Issues/Risks</b>		
	<p><i>Financial scenarios presented by service user can be very different therefore each assessment must be carried out on its own merits. There is a high likelihood for bespoke calculations and supporting information to be required when carrying out the assessment. The retention of that information for understanding and explanation is important to the integrity of the service user file. With a small team of staff, consideration of what can be done in respect of secondary reviewing will be have to be carefully undertaken to balance cost and control.</i></p> <p><i>The recommendation is agreed, the team will document how additional evidence, calculations and explanations is to be retained and implemented by members of the team.</i></p>		
	<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
	Yes	ACC Finance Controls Manager	December 2024



## 4 Appendix 1 – Assurance Terms and Rating Scales

### 4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk level	Definition
<b>Corporate</b>	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
<b>Function</b>	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
<b>Cluster</b>	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
<b>Programme and Project</b>	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net risk rating	Description	Assurance assessment
<b>Minor</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	<b>Substantial</b>
<b>Moderate</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	<b>Reasonable</b>
<b>Major</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	<b>Limited</b>
<b>Severe</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	<b>Minimal</b>

Individual issue / risk	Definitions
<b>Minor</b>	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
<b>Moderate</b>	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
<b>Major</b>	The absence of, or failure to comply with, an appropriate internal control, such as those described in the Council's Scheme of Governance. This could result in, for example, a material financial loss, a breach of legislative requirements or reputational damage to the Council. Action should be taken within three months.
<b>Severe</b>	This is an issue / risk that is likely to significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Examples include a material recurring breach of legislative requirements or actions that will likely result in a material financial loss or significant reputational damage to the Council. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.



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## 5 Appendix 2 – Assurance Scope and Terms of Reference

### 5.1 Area subject to review

Aberdeen City Health and Social Care Partnership (ACHSCP) aims to help people live at home independently, safely, and for as long as possible. To help to continue to be able to provide services to people with a range of needs, they are asked, if they can afford it, to contribute towards the cost of certain aspects of their care and support services. Local authorities are empowered by statute to make decisions about charging for non-residential community care services provided or arranged under the Social Work (Scotland) Act 1968 and sections 7 and 8 of the Mental Health (Scotland) Act 1984 and other relevant Social Work Legislation and Guidance.

Decisions made in relation to charging are set within the overall context of increasing demand for services as a result of a growing, ageing population with increased incidences of multiple and complex needs and a corresponding reduction in the budget available. ACHSCP are having to provide more services with less money, and are continually reviewing service delivery and practice to try to reduce costs, increase efficiency and achieve best value to avoid increasing the charges to those who use services. Some level of charging is, however, inevitable.

The charging policy was last reviewed in July 2019. The charges are carefully considered to ensure that they are reasonable for people to pay and they consider the type of service provided and the recipient of the service, the person's ability to meet the cost, and what others in similar circumstances but living in different areas across Scotland are asked to pay. Any charge made will not exceed the actual cost of providing the service.

Services include care and support, housing support, warden charges, community alarms and day care. Charges for residential services are made in accordance with the national Charging for Residential Accommodation Guide (CRAG). Ability to pay is determined through a financial assessment of each service user's income, capital and assets, and specified outgoings, completed by a dedicated Support Team within Finance.

During 2022/23 the cost of providing social work services was £139.7 million, and £12.3 million of contribution towards the cost of this care was received from service users. For 2023/24 costs are budgeted at £143.1 million and income at £13.6 million.

A charging policy, set by ACHSCP, is in operation since July 2019, based on the ability of the service user to pay, as determined by a financial assessment of their income, capital, and specified outgoings, completed by a dedicated Support Team within Finance. Similarly, service users who require full time residential care are assessed on their ability to pay (typically weekly Care Home fees) through an examination of their weekly income and any capital held, which can also include ownership of property.

### 5.2 Rationale for review

The objective of this audit is to obtain assurance that adequate arrangements are in place to undertake social care financial assessments in an accurate and efficient manner, with a focus on the systems used. If these processes are not followed correctly, there is increased potential for service users being charged incorrectly, presenting a financial and reputational risk. Under-recovery presents an additional financial strain on ACHSCP resources. Over-recovery presents a risk to potentially vulnerable service users.

An audit in this area was last carried out in 2017/18, with the main recommendations focused on improving guidance and record keeping, and ensuring full financial checks are being carried out and documented.

### 5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the **Function** level.
- Individual **net risk** ratings for findings.

### 5.3.1 Detailed scope areas

**As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.**

The specific areas to be covered by this review are:

- Written Policies and Procedures
- Systems
- Non-Residential Financial Assessments
- Residential Financial Assessments

## 5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

Due to hybrid working across the Council, this review will be undertaken primarily remotely.

## 5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
  - Council Key Contacts (see 1.7 below)
  - Audit Committee (final only)
  - External Audit (final only)

## 5.6 IA staff

The IA staff assigned to this review are:

- Rachel Brand, Auditor (**audit lead**)
- Colin Harvey, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

## 5.7 Council key contacts

The key contacts for this review across the Council are:

- Sandra MacLeod, Chief Officer – Health and Social Care Partnership
- Paul Mitchell, Chief Finance Officer (**process owner**)
- Claire Wilson, Chief Officer – Social Work - Adults
- Fraser Bell, Chief Operating Officer

## 5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	17-Nov-23
Scope agreed	24-Nov-23
Fieldwork commences	18-Dec-23

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Milestone	Planned date
Fieldwork completed	09-Feb-24 <sup>1</sup>
Draft report issued	23-Feb-24
Process owner response	15-Mar-24
Director response	22-Mar-24
Final report issued	29-Mar-24

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<sup>1</sup> Extended due to holiday period.