

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 June 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2210 – Learning Disabilities
REPORT NUMBER	IA/AC2210
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

1.1 The purpose of this report is to present the planned Internal Audit report on Learning Disabilities

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. BACKGROUND / MAIN ISSUES

3.1 Internal Audit has completed the attached report which relates to an audit of Learning Disabilities.

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. MANAGEMENT OF RISK

6.1 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 attached appendix.

7. OUTCOMES

- 7.1 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.
- 7.2 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.

8. 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

9. APPENDICES

- 9.1 Internal Audit report AC2210 – Learning Disabilities

10. REPORT AUTHOR DETAILS

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Internal Audit Report

Learning Disabilities

Issued to:

Sandra MacLeod, Chief Officer – Aberdeen City Health and Social Care Partnership (ACHSCP)
Alex Stephen, Chief Finance Officer – ACHSCP
Katharine Paton, Service Manager – ACHSCP
Sue Bosbury, Group Manager – ACHSCP
Fraser Bell, Chief Officer – Governance
Jonathan Belford, Chief Officer – Finance
External Audit

EXECUTIVE SUMMARY

Background

Aberdeen City Council Learning Disability Integrated Care Services are support services with housing support and care at home combined. They support individuals to maintain their own tenancies in shared accommodation, houses of multiple occupancy or rented properties within Aberdeen City. The staff provide individualised support to people with varying levels of ability to develop their daily living skills so that they can be more independent. Support is provided to people who may require some care at home, such as help with medication, preparing meals or getting to appointments. Support services help a variety of requirements from those with complicated needs to those who need time limited support to allow them to plan and achieve their preferred lifestyle.

Objective

The objective of this audit was to ensure that there is adequate control exercised over income and expenditure.

Assurance

Controls are in place and no material errors were identified. However, issues were identified in the consistency of their application, particularly in respect of management of cash transactions. Improvements agreed with the Service will increase assurance over these areas.

Findings and Recommendations

Written procedures are in place covering most of the Service's activities but would benefit from being reviewed and updated to reflect and improve current practice. A recommendation graded Significant within audited area was made to do so.

The Service handles cash for petty cash transactions, management of amenity funds, and assisting in service users' management of funds. Any cash-based system has inherent risks, as cash is portable and desirable. Whilst no material errors were identified, weaknesses were identified in respect of management and record keeping for cash transactions and balances. In the absence of clear, consistent, and applied procedures checks and balances, there is an opportunity for cash to go missing or for cash records to be incomplete and variations left unexplained. In addition to potential for financial loss, this leaves staff and the Service vulnerable to challenge or criticism in the event of missing funds or unexplained discrepancies. Recommendations graded Significant within audited area were raised for the Service to develop and implement stronger cash controls to mitigate this risk. There are similar risks in respect of inventories of equipment held on site, which need to be put in place.

Whilst in general staff were paid correctly, with only minor issues identified in timesheet completion, supporting records and approvals were not always complete. A recommendation graded Significant within audited area was made to ensure time records are sufficiently comprehensive.

In breach of the Council's Financial Regulations, an order had been placed without an official purchase order; and one transaction had been approved by a signatory without recorded delegated authority. Recommendations graded Significant within audited area were made to ensure orders are raised where required and to ensure delegated authority is in place where appropriate.

Management Response

The Service has agreed to review and enhance procedures to improve control over cash, inventories, timesheet records, ordering goods and services, and other financial administration at the centres. As part of the review staff and managers will refresh and acknowledge their understanding of the various requirements, and the authorised signatory list will be updated.

11. INTRODUCTION

- 11.1 Aberdeen City Council Learning Disability Integrated Care Services are support services with housing support and care at home combined. They support individuals to maintain their own tenancies in shared accommodation, houses of multiple occupancy or rented properties within Aberdeen City. The staff provide individualised support to people with varying levels of ability to develop their daily living skills so that they can be more independent. Support is provided to people who may require some care at home, such as help with medication, preparing meals or getting to appointments. Support services help a variety of requirements from those with complicated needs to those who need time limited support to allow them to plan and achieve their preferred lifestyle.
- 11.2 The objective of this audit was to ensure that there is adequate control exercised over income and expenditure.
- 11.3 The main sources of income are client support charges and donations, and expenses are primarily staff costs and the running costs of the centres.
- 11.4 The following establishments were included for review as part of the audit:
- Len Ironside Centre
 - Back Hilton Road
 - Rowan Road
 - Dominies Road
 - Balnagask Court
 - Kaim Court
 - Stocket Parade
- 11.5 The factual accuracy of this report and action to be taken regarding the recommendations made have been agreed with Sue Bosbury (Group Manager) and Katherine Paton (Service Manager).

12. FINDINGS AND RECOMMENDATIONS

12.1 Written Procedures

- 12.1.1 Comprehensive written procedures that are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance of correct and consistent practices being followed, particularly in the event of an experienced employee being absent or leaving. Guidance should be available to all and should reflect current systems and adhere to any regulatory requirements.
- 12.1.2 Documentation held within the centres was generally suitable, with the majority following corporate guidelines held on the intranet. However, not all activities performed at each centre had been documented.
- 12.1.3 There were no documented procedures for the management of an amenity fund (see section 2.2 below), and the procedures for filling in timesheets for relief staff were limited to those listed on the timesheet itself (see section 2.4). These guidelines could be clarified, particularly for new or existing staff performing duties which are new to them, to reduce risk of error. For amenity funds, procedures should be revised to record and reconcile all the relevant financial information.
- 12.1.4 For client personal funds, two different forms were being used in the centres to record entries in and out of cash tins held for individuals. It would be preferable to use one version of the form for all centres for consistency that could be double-signed, and which clearly consolidates the information included on the two current forms.
- 12.1.5 Some of the procedures available to the Service on the Zone intranet site dated back to 2004 (finance procedures), and included names, posts, processes, and systems which were out of date. If these are still being used, they should be updated to reflect current practice and requirements.

Recommendation

The Service should carry out a review of its written procedures to ensure that they are up to date, encompass the totality of operations and encourage consistency between different establishments. This review should be carried out annually or following any known change in operating procedures.

Service Response / Action

Agreed. The Service will review procedures and ensure they are up to date and accessible. Amenity fund procedures have been updated and shared, and timesheet guidance is being prepared. Forms are being amended and combined where possible, and procedures will be updated to reflect.

Implementation Date

August 2022

Responsible Officer

Group Manager

Grading

Significant within audited area

- 12.1.6 As part of staff training at the centres, a 'finance procedure acknowledgement form' is regularly being used, which staff sign to record that they have read, understood, and will apply relevant procedures including Financial Regulations and financial and non-financial internal controls. This promotes understanding and familiarity with the relevant controls. Whilst there was evidence of these being used and updated/reviewed by staff at most of the centres within the last year, two of the seven centres' records had not been signed

since 2019. There is therefore a risk staff at these locations may not have up to date knowledge of the required processes.

Recommendation

The Service should ensure procedure acknowledgement forms are refreshed annually. This could be timed to coincide with the annual review of procedures in general, recommended at 2.1.5 above.

Service Response / Action

Agreed. All teams will discuss at next team meetings and staff will review/discuss and sign the acknowledgement sheets. These will be scanned and filed in a folder on SharePoint.

Implementation Date

August 2022

Responsible Officer

Group Manager

Grading

Important within audited area

12.2 Amenity Funds

- 12.2.1 Some establishments maintain Amenity or Voluntary Funds, which may be used to provide additional services that may not otherwise be available to service users through Council funds. These are separate from Council or Health and Social Care Partnership funds and rely on fundraising income and donations. As Funds are not managed using Council systems, they are not subject to the same controls as those in place over Council expenditure. It is therefore important that other controls are in place to safeguard the Funds. The Council's Financial Regulation 5.22 sets out that Voluntary Funds are to be subject to the same financial rigour and probity as if they were Council funds. General guidance is available setting out key controls for Amenity Funds, though Funds may have their own Constitution setting out alternatives.
- 12.2.2 The Len Ironside Centre maintains an 'Anniversary Fund'. Funds are managed by the Team Leader, in conjunction with Senior Support Workers, and are used to purchase Birthday and Christmas presents, arrange social events, and obtain additional equipment or services e.g., games, barbecue and entertainment for the benefit of service users. There is no Constitution or formal procedure for managing this Fund. In the absence of a constitution, it may be more difficult to determine whether planned use of the Fund is aligned with the intentions of its funders and beneficiaries; and to ensure it is managed appropriately. However, in this instance there was evidence of a level of control in place from Client Committee meetings, newsletters, and a set of petty cash procedures.
- 12.2.3 The 'Anniversary Fund' funds are held in a separate bank account, and there is also a cash tin held for minor purchases. Whilst there were records of income and expenditure available, the quality and consistency of these varied. There was evidence of review of receipts, bank statements, and cash balances, however not all the transactions had been signed and countersigned as required to demonstrate appropriate separation of duties. Records did not all match exactly to the receipts on file. Larger donations reviewed were paid into the bank promptly, however smaller amounts received were not identifiably deposited during the period covered by the audit. And whilst there were regular records of cash having been counted, there was no record of a bank reconciliation process being completed. More robust and consistently applied procedures would provide more assurance over the process, compliance with the Council's Financial Regulations, and protect staff integrity in the event of discrepancies arising.

Recommendation

The Service should ensure Amenity / Voluntary Funds are managed and documented consistently, including recording all income and expenditure detail and retaining

supporting records; counter-signatories for all records; and periodic bank and cash reconciliations. Where differences arise, these should be reviewed with management and actions recorded.

Where Funds do not have a formal 'Constitution', consideration should be given to developing and agreeing one with its trustees / beneficiaries.

Service Response / Action

Agreed. Procedures will be updated and reinforced. Consideration will be given to developing a constitution for the anniversary fund.

Implementation Date

August 2022

Responsible Officer

Group Manager

Grading

Significant within audited area

- 12.2.4 A grant of £4,600 for the purchase of specialist bikes was awarded and paid by the Health and Social Care Partnership to the Fund in September 2019 and is reflected in the Fund's bank balance and bank statements. After obtaining the grant, similar bikes were donated to the centre instead, and therefore the money had not been required to be spent to purchase them as originally intended. The Service advised it has not been spent but the intention is to retain it for future upkeep of the equipment. The grant award letter stated that the money must be returned if the project does not go ahead, and there is a requirement to provide a project evaluation after completion. As the funds have not been used for the project, they may have to be paid back. Confirmation needs to be sought from the funder.

Recommendation

The Service should ensure grant funding is used in accordance with the purposes agreed with the grant funder or returned.

In the instance of the £4,600 'bike' funding, the Service should seek approval from the Health and Social Care Partnership that the funds can be utilised for upkeep of the equipment. This confirmation should be in the form of an award letter or other formal documentation. If this approval is not granted, the funds should be returned immediately.

Service Response / Action

Agreed. The Service has contacted the funder for clarification as to next steps.

Implementation Date

August 2022

Responsible Officer

Group Manager

Grading

Important within audited area

12.3 Management of Clients' Personal Funds

- 12.3.1 The Service has named staff who act as legal guardians for 39 supported people. There are formal Department for Work and Pensions (DWP) procedures that explain the records that all registered care services must keep, and guidance on notification and reporting. In addition there are local procedures for cash control.
- 12.3.2 The records that are being maintained are a financial sheet for each client where all monies in and out are recorded, and weekly checks are completed. Bank statements are checked to make sure they correspond with monies on cash sheets by two staff members.
- 12.3.3 Centres were not consistent in following procedures as each used different forms for recording spend from cash tins held for clients. Expenditure was not always clear. There were no plans / budgets to describe how client funds should be spent. The audit trail of

money leaving cash tins did not refer to budget or intended spend as expected from the procedures, and receipts were not all available. In some cases, a ticket was provided in place of a receipt to explain expenditure - which was good practice, but not the norm. This practice could assist in quantifying how many receipts and their value are missing. Missing receipts are potentially an oversight but could mask unauthorised spend.

- 12.3.4 Authorisation of spend from cash tins was not recognisably by Team Leaders – various staff had signed for it and did not consistently record two signatures. Occasionally a note was made of when money was taken out of the cash tin to explain what it was for, and receipts and change returned to fully explain the spend. This practice was described in the procedures and mitigates against the risk of money not being fully accounted for creating opportunity for unexplained differences.
- 12.3.5 Reconciliation between finance sheets, receipts, and bank statements of all client spend in every month was not clear or complete. Spend using bank cards did not clearly reconcile with the bank statement and receipts of purchases made and bank statements did not show formal review. The absence of this audit trail creates opportunity for missing funds or misdirected bank spend to go unnoticed. Financial audit forms were used but not in a consistent manner by the centres. One was spot checked and another double-signed by initials. None had been signed by Team Leaders.
- 12.3.6 Any cash-based system has inherent risks, as cash is portable and desirable. In the absence of clear, consistent, and applied procedures checks and balances, there is an opportunity for cash to go missing or for cash records to be incomplete and variations left unexplained. In addition to the financial loss, this leaves staff and the Service vulnerable to challenge or criticism in the event of missing funds or unexplained discrepancies. A stronger control framework should be in place to mitigate this risk.

Recommendation

The Service should review and reinforce the process for managing clients' personal funds to ensure they are managed consistently, including clear record keeping, separation of duties, management review, and reconciliation of all funds to records of income and expenditure on a regular basis. Where differences arise, these should be reviewed with management and actions recorded.

Service Response / Action

Agreed. Procedures will be reviewed and updated to ensure suitable plans, controls and checks are in place and can be applied.

Implementation Date

August 2022

Responsible Officer

Group Manager

Grading

Significant within audited area

12.4 Payroll

- 12.4.1 Establishments have salaried staff that are paid monthly and staff for relief work who are paid following the submission of timesheets. Procedures for completing timesheets are printed on the timesheet itself, and for employees requesting overtime separate guidance documents are available.
- 12.4.2 The Payroll process for relief staff was well controlled, and an underpayment of 40 hours work was already under investigation, having been identified through existing review processes. Small errors in coding were corrected by Payroll or not significant from a group

perspective. All relief staff were paid the same hourly rate for all hours worked relative to their scale point.

- 12.4.3 Service application of procedures for completing relief staff timesheets was generally adequate, except that although timesheets were always signed by an authorising manager, daily hours worked were not signed on every line in accordance with corporate guidance. This is in place to allow immediate line managers to record their acknowledgement of hours worked each day before the authorising manager provides final approval of the timesheet.
- 12.4.4 Five of nineteen timesheets reviewed (26%) had no identifiable hours on the associated rota. Any inconsistencies create opportunity for incorrect payment of hours. Having a clear record of planned and actual times worked aids in reviewing resourcing and ensuring claims for payment of additional / relief hours are accurate.

Recommendation

The Service should ensure it has a clear record of staff time planned and worked, against which timesheet claims are reviewed prior to authorisation.

Service Response / Action

Agreed. Line managers have been instructed to fully complete all authorisations where required, and staff will be asked to clarify what shifts are for if they are not on the rota.

Implementation Date

Implemented

Responsible Officer

Group Manager

Grading

Significant within audited area

12.5 Travel & Subsistence

- 12.5.1 Travel and subsistence claims were not routinely required. Guidance is available on the intranet and the form itself. Where claims had been made, the reason for the claim was not clear. Each item should be fully explained to ensure only necessary work-related expenses are being claimed for.
- 12.5.2 Authorisation of claim forms needs to be clarified as one form was signed by a Senior Support Worker on behalf of her Team Leader, neither of whom were on the authorised signatory form for travel and subsistence. Misunderstanding of authorisation of claims could result in unauthorised payments, or delays in payment if returned by Payroll.

Recommendation

The Service should ensure claims are only submitted for payment once approved by authorised signatories. Claims should not be authorised unless the purpose and detail of journeys / expenditure is clear.

Service Response / Action

Agreed. All travel and subsistence forms will now have to be signed off by the Group Manager or Adult Services Manager.

Implementation Date

Implemented

Responsible Officer

Group Manager

Grading

Important within audited area

12.6 Petty Cash / Purchase Cards

- 12.6.1 Petty cash should only be used for low value infrequent purchases where payment by other means would incur disproportionate administrative costs. It should not be used to

circumvent purchasing regulations. One establishment holds a petty cash float of £200, though the Service has identified an intention to reduce this now that purchase cards are available. Corporate procedures are in place covering management of petty cash.

- 12.6.2 Internal Audit's review of a sample of petty cash records identified that they were complete and fully supported by receipts. However, the petty cash record was not always double-initialled against entries as the form was designed to allow. And one petty cash claim had been signed by a manager for whom the 'petty cash' category of authorisation is not recorded on the Service's authorised signatory list. Officers should only be acting within the delegated authority recorded.

<u>Recommendation</u>		
The Service should ensure its authorised signatory list is up to date, then ensure only those with the appropriate levels / categories approve specified transactions and paperwork. An annual review should be implemented to supplement updates due to any staff onboarding or attrition.		
<u>Service Response / Action</u>		
Agreed. The signatory list will be reviewed and updated, and officers reminded of their delegated authority.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
Implemented	Group Manager	Significant within audited area

- 12.6.3 There were two records of petty cash – one hand-written and another in spreadsheet format – to aid completion of paperwork to replenish funds. It was highlighted that this could be inefficient, and the centre has since rationalised its approach.
- 12.6.4 Purchase cards should only be used for low value or regularly purchased items where it would not be economical to raise and process a purchase order and the associated invoice. Purchase cards represent an open line of credit, which presents a risk if not regularly reviewed.
- 12.6.5 All establishments have purchase cards. Two people in each centre: the Team Leader and Senior have been issued with cards. Procedures were in place for the use of purchase cards and the cards themselves are locked in the safe until needed. Appropriate transaction and monthly spend limits have been set for each, with variation depending on the intended use, and there is an option to temporarily extend limits for planned purchases. The Group Manager reserves advance approval for items over £100.

12.7 Procurement

- 12.7.1 To demonstrate best value in procurement it is important that goods and services are obtained through a competitive or negotiated process, and that appropriate contracts are in place with regular suppliers. Corporate suppliers with contracts arranged by Commercial and Procurement Services (CPS) and Scotland Excel are in place for a range of goods and services, are recorded on the Council's contracts register, and Financial Regulations require that these are used where available in the first instance. The Council has a 'no purchase order – no payment' policy in operation, except in specific circumstances (e.g. for utilities and other payments for which alternative control arrangements are in place).
- 12.7.2 A sample of higher value payments was reviewed, and in all but one case contracts were in place and purchase orders had been raised and items recorded as received. One invoice paid for training was not supported by a purchase order. Whilst best value has

been achieved through the purchase in this instance, orders should be raised and approved in advance to ensure this is always the case, and to comply with Financial Regulations.

<u>Recommendation</u>		
The Service should ensure purchase orders are raised for all purchases that require them.		
<u>Service Response / Action</u>		
Agreed. Managers have been reminded to raise purchase orders for any works that require to be done before authorising in order to ensure the procurement process is followed.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
Implemented	Group Manager	Significant within audited area

12.8 Budget Monitoring

- 12.8.1 The budgets are overseen by the Group Manager and Adult Services Manager, in context with other cost centres. Team Leaders receive monthly budget monitoring reports to review, and report any discrepancies to Payroll, though not all were familiar with the report content.
- 12.8.2 Training of team leaders to assist in understanding their budgets and variances would be beneficial so that discrepancies can be resolved in good time and adjustments made to reduce costs if possible, mitigating against the risk of inefficient and unexplained / incorrectly coded spend.

<u>Recommendation</u>		
The Service should ensure Team Leaders managing budgets are suitably trained to do so.		
<u>Service Response / Action</u>		
Agreed. Training will be put in place for managers in order to better understand their budgets.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
August 2022	Group Manager	Important within audited area

12.9 Inventory

- 12.9.1 Financial Regulations require Services to maintain inventories of all assets. Inventories should be able to be relied upon in the event of an insurance claim, and corporate guidance suggests records should identify items with a value of over £100 or which are classed as portable and desirable (e.g. electrical goods).
- 12.9.2 There is an inventory of items held in personal cash tins such as identification papers and birth certificates, of which a monthly check is completed. Clients provide their own furniture for their accommodation.
- 12.9.3 The Service does not currently hold other inventory records, though corporate records will be available for specific ICT equipment. Furnishing / office fittings were considered by the Service to be old and unlikely to hold any value for insurance. These could however have a higher replacement cost. One centre has invested in sensory equipment, games, and

outdoor equipment, in addition to the bikes referenced at 2.2.4 above. In the absence of inventories, such items may be more difficult to keep track of and ensure they can be replaced in the event of loss.

Recommendation

The Service should ensure it holds up to date inventories in line with corporate guidance, and reviews these annually against items on site, and as and when items are added or disposed of.

Service Response / Action

Agreed. An inventory sheet has been developed, and we will inventory all non-ICT equipment in services. Any non-essential items or items that are no longer fit for purpose will be returned to facilities management or recycled.

Implementation Date

August 2022

Responsible Officer

Group Manager

Grading

Significant within audited area

12.10 Income

12.10.1 Most of the income to the centres was from housing benefit passed on to Social Work. There was income to the Len Ironside Centre for actual sessions attended from centre, online and home visits, charged at £0.70 per session. A list of attendees was kept for each session, from which invoices were raised. The centre had been closed due to COVID restrictions and resumed sessions from 1 April 2021.

12.10.2 The Council set a charge of £8.40 for day care sessions, at its budget setting meeting in March 2021, which the Service charges for externally commissioned care. The £0.70 per session charge for the Len Ironside Centre does not appear on the list of charges set as part of the budget. All fees and charges should be agreed at the appropriate level.

Recommendation

The Service should undertake a review to ensure all fees and charges are set in accordance with policy.

Service Response / Action

Agreed. The Service will review with Finance to determine an appropriate approach.

Implementation Date

December 2022

Responsible Officer

Group Manager;
Chief Finance Officer
(ACHSCP)

Grading

Important within audited area

AUDITORS:

J Dale
C Harvey
G Flood
H Beecroft

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.