

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 26 September 2017

**BY:** Depute Chief Executive (Resources & People Services)

**SUBJECT:** Internal Audit Report – Non-Residential Charging

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**1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Non-Residential Charging.

**2 RECOMMENDATION**

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

**3 BACKGROUND**

- 3.1 A review of the internal controls surrounding Non-Residential Charging was undertaken as part of the Audit Plan for 2017/18.
- 3.2 The main objective of the audit was to ensure that the internal controls in place were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

**4 POLICY IMPLICATIONS**

- 4.1 None

**5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **6 RESOURCE IMPLICATIONS**

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

## **7 BACKGROUND PAPERS**

7.1 None

|                      |                        |
|----------------------|------------------------|
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| <b>DESIGNATION</b>   | Internal Audit Manager |
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| <b>DATE</b>          | 14 September 2017      |

## **EAST LOTHIAN COUNCIL – INTERNAL AUDIT NON-RESIDENTIAL CHARGING**

### **1. EXECUTIVE SUMMARY**

#### **1.1 Introduction**

As part of the Audit Plan for 2017/18, a review was undertaken of the Charging for Non-Residential Social Care Services. A summary of our main findings is outlined below.

#### **1.2 Areas where Expected Controls were Met**

- A Charging Policy for Non-Residential Social Care 2017/18 is in place. The Policy was recently updated and sets out the services to be charged in 2017/18, the charges applicable for each service and the financial assessment process.
- For a sample of services reviewed, we found that the charges applied were in accordance with the agreed rates.
- Appropriate arrangements are in place for the administration of the home meals service.

#### **1.3 Areas with Scope for Improvement**

- There was a delay in finalising the charges for Non-Residential Social Care Services for 2017/18, resulting in charges being applied at the previous year's rates for the first three months of the financial year. *Risk – loss of income to the Council.*
- In some cases, there was a lack of documentation on file to support the income and capital figures used in financial assessments. *Risk – lack of a clear audit trail.*
- The capital thresholds currently applied in the financial assessment process require review. *Risk – failure to follow the COSLA guidance.*
- At present, there is a lack of consistency in the de-minimis limit being applied to the charging of Non-Residential Social Care Services. *Risk – loss of income to the Council.*
- There has been a delay in resolving the issues surrounding the charging arrangements for Council tenants with community alarms, resulting in a loss of income to the Council. *Risk – failure to collect all income due.*

#### **1.4 Summary**

Our review of the Charging for Non-Residential Social Care Services has identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

**Mala Garden**  
**Internal Audit Manager**

**September 2017**

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT  
NON-RESIDENTIAL CHARGING**

**ACTION PLAN**

| <b>PARA REF</b> | <b>RECOMMENDATION</b>  | <b>GRADE</b> | <b>RESPONSIBLE OFFICER</b>   | <b>AGREED ACTION</b>   | <b>RISK ACCEPTED/<br/>MANAGED</b> | <b>AGREED DATE OF COMPLETION</b> |
|-----------------|--|--------------|--|--|-----------------------------------|----------------------------------|
| 3.1.2           | Management should ensure that information published on the Council's website is updated to reflect the current charges for Non-Residential Social Care Services.   | Medium       | Group Service Manager – Planning and Performance   | Agreed   |                                   | In Place                         |
| 3.2.1           | Management should ensure that the annual revision of charges is approved timeously to enable the updated rates to be applied from the start of the financial year. | Medium       | Group Service Manager – Planning and Performance   | Agreed   |                                   | February 2018                    |
| 3.3.1           | Management should seek to resolve the issues surrounding the charging of community alarms for Council tenants as a matter of urgency.                              | High         | Group Service Manager – Planning and Performance in conjunction with other relevant Service Managers | Agreed – will require input from a number of service areas including Council Resources and Community Housing |                                   | March 2018                       |
|                 | Management should ensure that regular reconciliations are carried out between the list of service users held by Telecare and the list held by the Debtors section. | Medium       | Group Service Manager – Planning and Performance   | Agreed   |                                   | October 2017                     |

| <b>PARA REF</b> | <b>RECOMMENDATION</b>  | <b>GRADE</b> | <b>RESPONSIBLE OFFICER</b>                       | <b>AGREED ACTION</b>   | <b>RISK ACCEPTED/ MANAGED</b> | <b>AGREED DATE OF COMPLETION</b>                           |
|-----------------|--|--------------|--|--|-------------------------------|--|
| 3.4.1           | <p>Management should review the Mosaic system parameters with a view to incorporating the state pension qualifying age within the income thresholds.</p> <p>Management should review the capital thresholds currently applied in the financial assessment process.</p>   | Medium       | Group Service Manager – Planning and Performance | Agreed   |                               | March 2018   |
| 3.4.3           | <p>Appropriate documentation should be held on file to support the income and capital figures used in financial assessments.</p>   | Medium       | Service Manager – Benefits                       | Agreed   |                               | October 2017   |
| 3.4.4           | <p>Management should review the current arrangements in place for raising invoices.</p> <p>Management should review the current arrangements whereby no contributions are being sought from service users whose assessed maximum contribution is less than £12.50 per week.</p> <p>Management should ensure that invoices clearly indicate if the rate charged is a weekly rate or an hourly rate.</p> | Medium       | Group Service Manager – Planning and Performance | <p>Agreed – will be addressed as part of a wider business review</p> <p>Agreed</p> <p>Agreed</p> |                               | <p>December 2017</p> <p>March 2018</p> <p>October 2017</p> |

### **Grading of Recommendations**

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

| Level         | Definition  |
|---------------|---|
| <b>High</b>   | Recommendations which are fundamental to the system and upon which Management should take immediate action.                                     |
| <b>Medium</b> | Recommendations which will improve the efficiency and effectiveness of the existing controls.   |
| <b>Low</b>    | Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency. |