



ORKNEY
ISLANDS COUNCIL

INTERNAL AUDIT

Care Home Charging

Audit Report

2016/17

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Distribution :
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EXECUTIVE SUMMARY

- This audit reviewed the process for charging for residential care for both respite care and permanent care.
- Our audit found that there is a robust system in place for charging for residential care with the Scottish Government ‘Charging for Residential Accommodation Guidance’ (CRAG) followed by the Council. This guidance is updated annually.
- There are a number of areas of good practice within the procedures followed, including: -
 - The weekly care home charge is calculated annually and is equal to the cost of providing the care in accordance with the CRAG.
 - Confidential files are maintained for each financial assessment with access restricted to designated authorised officers.
 - Clients will be notified in writing of their weekly charge with a breakdown of the calculation provided. Charges are recalculated on an annual basis.
 - Suspect or reported deprivations will be investigated by designated officers in collaboration with Legal Services. Where deprivation is proven the Council will invoke its legal right to recover the money that a resident would have paid in charges based on inclusion of the asset.
 - The residential care contributions control account is reconciled monthly to the income system to ensure all income is received and accounted for.
 - On the death of a resident or when a property is sold a designated senior officer will verify that the resident’s representative or the resident’s executor is invoiced for the accrued charges.
- The report includes recommendations which have arisen from the audit. The numbers of recommendations are set out in the table below under each of the priority headings. The priority headings assist management in assessing the significance of the issues raised. The report includes 3 recommendations which have been made to address the medium priority issues identified.
- Responsible officers will be required to update progress on these agreed actions via Aspireview.
- Any low priority issues identified have been discussed and agreed directly with the officers concerned. It is not felt necessary to include these as formal recommendations within an action plan and they are therefore detailed separately within the Audit Findings.

Total	High	Medium	Low
3	0	3	0

- The assistance provided by officers contacted during the course of the audit is gratefully acknowledged.

INTRODUCTION

Care home charging criteria is based on guidelines given in the National Assistance Act 1948 (Assessment of Resources) and is updated on an annual basis. In local authority managed homes, the authority must charge the full cost of providing the service. Where the local authority is satisfied that a resident is unable to pay the full cost, a financial assessment must be completed on the service user's ability to pay.

A review has been carried out of the process for charging for residential care, for both respite and for longer periods.

AUDIT OBJECTIVES

The objectives of the audit were to confirm the following:-

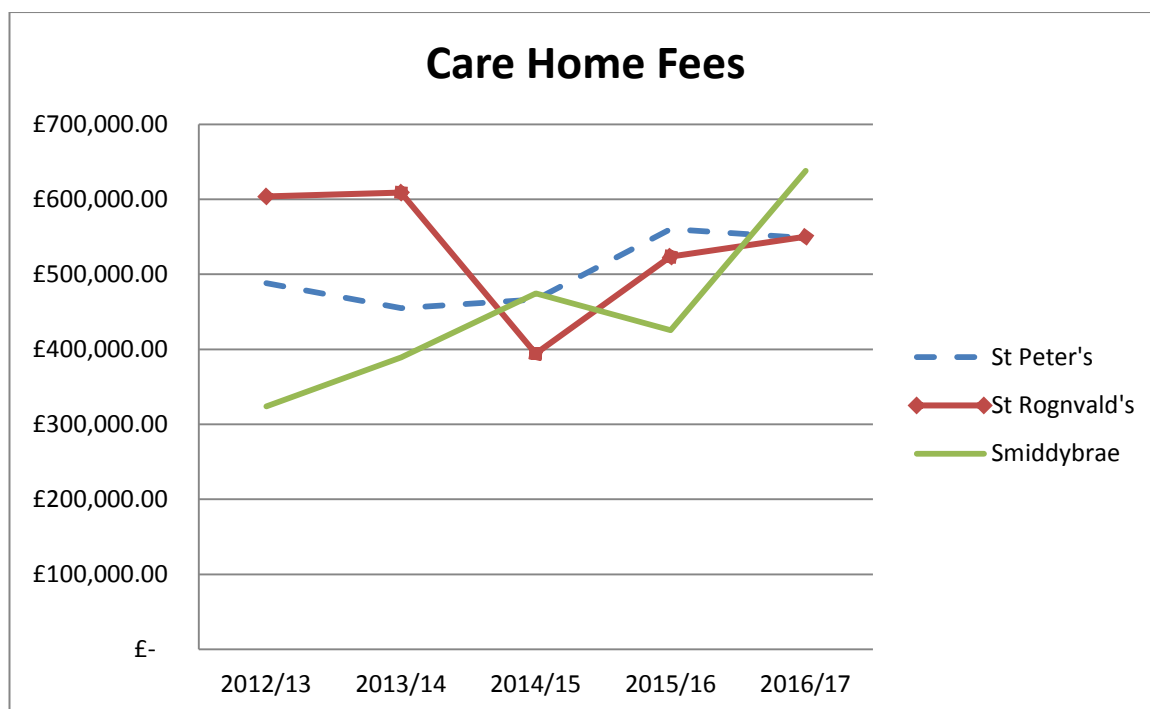
1. There is an approved OIC policy which takes cognisance of statutory guidance in relation to charging for residential care;
2. The OIC has an approved policy which relates to those who are required to personally fund residential care according to their financial means;
3. There is operational guidance for staff who undertake financial assessments in terms of the policy and appropriate supervisory processes in place for monitoring and quality assurance;
4. Levels of financial contributions and scale of charges for each residential establishment are publicised and reviewed annually;
5. The OIC has a standardised assessment form that is completed by the Finance Assistant for each client, dependent on where power of attorney or guardianship has been granted, where possible, and that there is a statement which certifies that the answers and information are true and accurate;
6. There is a formal process for recording and storing all assessments, together with information and supporting financial information; this also must comply with data protection best practice;
7. Appropriate independent checks are undertaken to verify that all savings, capital and other financial assets have been declared;
8. The resident or nominated individual is provided with an assessment determination which outlines their contribution to their service costs and how that determination was arrived at;
9. A schedule of payment is provided to the resident or nominated individual in order that appropriate fees are paid when they are due;
10. Where physical assets such as property have been assessed in terms of potential liability for care charges, the following is applied:
 - a) A property valuation
 - b) A deferred contribution scheme application or equivalent
 - c) A legal charge on the property is made outlining the OIC's interest;
11. All income is recorded and reconciled on a monthly basis;
12. Suspicious applications, information and/or statements are investigated in order that any attempt or allegation of deprivation is investigated in collaboration with Legal Services;
13. On death or realisation of the asset, the OIC obtains any unpaid charges for residential care;
14. Where there is cause for concern that the OIC is being deprived of income that it should legitimately expect to be able to receive through charging for residential care costs there is an appropriate process in place to investigate and pursue these cases.

AUDIT APPROACH

The audit approach undertaken was to examine compliance with the Charging for Residential Accommodation Guidance effective from 11 April 2016 issued by the Scottish Government for a sample of permanent and respite residents. Audit testing focussed on the financial year 2016/17.

BACKGROUND INFORMATION

The Council maintains three care homes with a total of 96 permanent beds and 10 respite beds. The trend in fees received for both permanent and respite beds over the past 5 years is shown in the graphs below for each care home.



Audit Findings: Medium Priority**1.0 Policies and Procedures**

1.1 The documented office procedures for residential care contribution assessments are out of date. However this is a low risk as the CRAG is in place and followed for processing financial assessments.

1.2 Documented office procedures for residential care contribution assessments should be reviewed and updated.

Recommendation 1

1.3 The Council publicises information about care home charging on their website however this information has not been updated since 2015/16.

1.4 The Council website should be kept up to date with the most recent information available for care home charging.

Recommendation 2**2.0 Reconciliations**

2.1 Bank payments for care home fees are currently made by standing order however direct debit would be more efficient as it is easier for the Council to control.

2.2 Consideration should be given to implementing direct debit payments for care home fees to increase efficiency and allow better control of income due to the Council.

Recommendation 3**Audit Findings: Low Priority****3.0 Financial Assessments**

3.1 When financial assessments are received various checks are carried out to confirm that the assessments are arithmetically accurate; all questions have been answered where applicable and all supplementary statements have been completed correctly and in full with the required supporting documentation submitted.

3.2 The financial assessment form should be revised to include a check box which would confirm that the relevant checks have been carried out. This has been agreed with the responsible officer and no recommendation is required.

3.3 A spreadsheet is maintained of the status of all financial assessments. This could be enhanced if the dates of reminder letters were also recorded.

3.4 This was discussed with the officer responsible and changes have been made to the spreadsheet to record more information on the status of assessments. No recommendation required.

	Recommendation	Responsible Officer	Management Comments	Agreed Completion Date
Policies and Procedures				
1	Documented procedures for residential care contribution assessments should be reviewed and updated. Medium Priority	Senior Accounting Officer	There are procedures in place for charging orders but this will be expanded to include a financial step by step process for completing the financial assessments in regards to residential care charging.	December 2017
2	The Council website should be kept up to date with the most recent information available for care home charging. Medium Priority	Senior Accounting Officer	This will be incorporated once the new charges are implemented on a yearly basis.	June 2017
Reconciliations				
3	Consideration should be given to implementing direct debit payments for care home fees to increase efficiency and allow better control of income due to the Council. Medium Priority	Head of Finance/ Senior Accounting Officer	The implementation of direct debits for payment of care home fees (and housing rents) has been a long standing ambition of the Revenues Team. The Revenues Manager has been working towards introduction of direct debits for some time. Progress is dependent however on availability of sufficient IT resources to perform system updates and subsequently support a test environment prior to going live.	April 2019

Priority	Assessment
High	<ul style="list-style-type: none"> • Key control absent or inadequate; • Serious breach of regulations; • Significantly impairs overall system of internal control; • No progress made on implementing control; • Requires urgent management attention.
Medium	<ul style="list-style-type: none"> • Element of control is missing or only partial in nature; • Weakness does not impair overall reliability of the system; • Recommendation considered important in contributing towards improvement in internal controls; • Management action required within a reasonable timescale.
Low	<ul style="list-style-type: none"> • Control exists or on target to be implemented within timescales; • Minor weakness, does not compromise overall system control; • To be considered by management within a reasonable timescale

Note:

It should be recognised that where recommendations in the action plan are not implemented there may be an increased risk of a control failure. It should be noted however that it is the responsibility of management to determine the extent of the internal control system appropriate to their area of operation.