

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

12 DECEMBER 2022

INTERNAL AUDIT WORK FOR THE HEALTH AND ADULT SERVICES DIRECTORATE

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the internal audit work performed during the year ended 31 October 2022 for the Health and Adult Services (HAS) directorate.

2.0 BACKGROUND

- 2.1 The Audit Committee is required to assess the quality and effectiveness of the corporate governance arrangements operating within the County Council. In relation to the Health and Adult Services directorate (HAS), the committee receives assurance through the work of internal audit (as provided by Veritau), as well as receiving a copy of the latest directorate risk register.
- 2.2 This agenda item is considered in two parts. This first report considers the work carried out by Veritau and is presented by the Head of Internal Audit. The second part is presented by the Corporate Director and considers the risks relevant to the directorate and the actions being taken to manage those risks.

3.0 WORK DONE DURING THE YEAR ENDED 31 OCTOBER 2022

- 3.1 Internal audit work is planned and delivered on the basis of risk. Veritau has met regularly with HAS management to maintain an ongoing awareness and understanding of key risk areas and to prioritise internal audit work. Areas considered have included the cost of care reforms, discharges from care, changes to the CQC assurance framework, and the Emergency Duty team. Attendance at meetings of the fortnightly Supply Chain Resilience Board has also provided assurance on how key risks and financial challenges relevant to the directorate are being managed.
- 3.2 Details of the internal audit work undertaken for the directorate and the outcomes of these audits are provided in **Appendix 1**.
- 3.3 Veritau has also been involved in a number of other areas of work in respect of the directorate. This work has included:
- investigating cases that have been communicated via the Whistleblowers' hotline or have arisen from issues and concerns referred to Veritau by HAS management.

- investigating data matches received from the National Fraud Initiative (NFI). These matches can indicate possible fraud or error.
 - providing support to directorate management in respect of a number of safeguarding alerts, issues with providers and other matters.
- 3.4 As with previous audit reports, an overall opinion has been given for each of the specific systems or areas under review. The opinion given has been based on an assessment of the risks associated with any weaknesses in control identified. Where weaknesses are identified then remedial actions will be agreed with management. Each agreed action has been given a priority ranking. The opinions and priority rankings used by Veritau are detailed in **appendix 2**. Where the audits undertaken focused on systems development, the review of specific risks as requested by management or value for money then no audit opinion has been given. The work completed for the directorate and the opinions given following each audit contribute to the annual report and opinion of the Head of Internal Audit.
- 3.5 It is important that agreed actions are formally followed up to ensure that they have been implemented. Veritau follow up all agreed actions on a regular basis, taking account of the timescales previously agreed with management for implementation. On the basis of the follow up work undertaken during the year, the Head of Internal Audit is satisfied with the progress that has been made by management to implement previously agreed actions necessary to address identified control weaknesses.

4.0 **RECOMMENDATION**

- 4.1 That Members note the results of internal audit work performed in the period for the Health and Adult Services directorate.

MAX THOMAS
Head of Internal Audit

Veritau Ltd
County Hall
Northallerton

25 November 2022

BACKGROUND DOCUMENTS

Relevant audit reports kept by Veritau.

Report prepared by Stuart Cutts, Assistant Director – Audit Assurance, Veritau and presented by Max Thomas, Head of Internal Audit, Veritau

APPENDIX 1

FINAL AUDIT REPORTS ISSUED IN THE YEAR ENDED 31 OCTOBER 2022

	System/ Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
A	Deferred Payments	Reasonable Assurance	<p>The Care Act 2014 includes provisions to allow people who own their own home and who move into a care home on a long-term basis, to use the value of the property to help pay for fees through a Deferred Payment Agreement (DPA). The local authority pays for any assessed care costs on the individual's behalf, and this is paid back either once the individual sells their home or after their death.</p> <p>The audit reviewed whether:</p> <ul style="list-style-type: none"> • A robust process was in place to manage DPA applications. • DPA recording and monitoring processes were efficient, effective and followed legislation. 	March 2022	<p>The majority of cases reviewed had a fully complete and signed application on file. In some of the complex cases, there were however areas for improvement.</p> <p>Some issues were found with obtaining evidence of insurance and property maintenance during annual reviews. There were also some instances where the council had failed to consider alternative forms of security for a DPA where a charge could not be placed on the land or property.</p> <p>DPA information was being recorded on two spreadsheets and the financial system ContrOCC creating duplication of work. The existing system requires improvement to enable all information to be recorded in one place.</p>	<p>2 P2 and 3 P3 actions were agreed.</p> <p>Responsible Officer(s): Assistant Director, Strategic Services (HAS)</p> <p>Officers agreed a number of actions to help address the areas in the report, including:</p> <ul style="list-style-type: none"> • To review relevant old cases • To adopt tighter deadlines and clarity of consequences for insurance and maintenance evidence • The addition of a note on the checklist to ensure Power of Attorneys (POAs) cover finance and property

System/ Area		Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
						<ul style="list-style-type: none"> To work with Legal Services to explore alternate forms of security To combine spreadsheets to reduce input work. <p>All actions have been completed.</p>
B	Visits to Care Providers – Isabella Court, Pickering	No opinion	<p>The Council has a number of contractual arrangements with providers to support adults with learning and physical disabilities.</p> <p>The purpose of this audit was to provide assurance that the contracted supplier had been providing the required care and support as set out within the contracts and support plans that had been agreed.</p> <p>The audit supported wider value for money work being undertaken by NYCC brokerage.</p>	March 2022	<p>The period under review was one where the Covid 19 pandemic was creating sector wide problems for providers.</p> <p>We analysed a sample of paper-based staff rotas covering a total of 14 weeks during 2021. We found that the contracted supplier was regularly not providing the contracted staffing levels. The lowest staffing levels usually being at the weekends.</p> <p>The provider was also unable to provide sufficient information to show that the contracted 1:1 hours were being provided.</p>	<p>2 actions were agreed.</p> <p>Responsible Officer(s): Quality Assurance Manager (HAS)</p> <p>The Quality Assurance Manager reviewed the rotas again in 2022, and received appropriate assurances on staffing levels.</p>

	System/ Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
C	Harrogate Day Services Amenity Funds	No opinion	<p>There are a number of Amenity Funds used by service users who receive support at Elderly People's Homes, Day Centres and Respite Services. The HAS Amenities Funds policy provides guidance for the use of such funds.</p> <p>Officers highlighted three amenity funds which had been operating outside of NYCC policy and not been independently reviewed.</p> <p>We reviewed the three funds to ensure records from 2019 to 2021 were complete, accurate, consistent with bank account information and followed key aspects of the NYCC policy.</p>	June 2022	<p>We found no evidence the amenity funds were being misused. The largest fund had minimal movement so there was little risk of significant fraud or misappropriation of funds.</p> <p>However, there were a number of weaknesses highlighted with the quality of record keeping for all 3 'amenity' accounts when compared with NYCC policy.</p>	<p>HAS will take steps to ensure that the bank accounts are closed.</p> <p>HAS will also work with Finance to identify any other unrecognised bank accounts registered to NYCC addresses.</p> <p>A new Amenity Funds Procedure will be prepared which sets out roles and responsibilities, including within Finance and Business Support.</p>
D	Visits to Care Providers -	Limited Assurance	The Lodge provides respite and residential care for the elderly. Previous audit work	July 2022	The provider's policy on the Handling of Residents Money was not sufficiently detailed and did	2 P2 and 2 P3 actions were agreed.

System/ Area	Audit Opinion	Areas Reviewed	Date Issued	Comments	Action Taken
The Lodge, Scarborough		<p>in 2017 had highlighted weaknesses around the controls for managing and safeguarding service users' financial affairs. Following a referral from NYCC Social Care, a further audit was undertaken to establish whether:</p> <ul style="list-style-type: none"> • arrangements were now in place to manage and safeguard financial affairs. • Financial controls were in place and operating effectively. • Financial arrangements were robust to ensure the property of service users was protected. 		<p>not include current procedures for staff handling service users' finances.</p> <p>Financial risk assessments and/or financial support plans were not being completed and stored in resident care files.</p> <p>Sufficient reconciliations on resident cash sheets were not being performed. A reconciliation could not be performed during the audit as separate bank accounts did not exist.</p> <p>Receipts were not being retained for money received or services provided at the residential home. We also could not confirm that entries on the petty cash sheet were accurate as no statement of services received could be viewed during the audit.</p>	<p>Responsible Officer(s): Quality Assurance Officer</p> <p>The Quality Assurance and Improvement Team (QAIT) agreed to ensure that:</p> <ul style="list-style-type: none"> • the policy was reviewed and in line with current practice, including the requirement for receipts. • financial risk assessments are carried out and evidenced. • a standard cash sheet format is in place and these are reconciled. • no pooled bank accounts are used. <p>An updated policy has now been received and reviewed. Work is ongoing with the provider to help progress the required improvements.</p>

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E	Learning Disability and Autism	Reasonable Assurance	<p>Transforming Care Partnerships (TCPs) exist to support people with a learning disability and/or autism. The partnership involves various Health and Local Government organisations within North Yorkshire. The NYCC TCP team was established in 2020, for an initial period of two years, to aid discharges and to prevent further admissions.</p> <p>The audit was intended to support management's future plans by assessing whether the current arrangements were achieving the aims of:</p> <ul style="list-style-type: none"> • reducing reliance on inpatient services by increasing discharge rates. • improving quality of care by ensuring support plans are in place. 	July 2022	<p>The number of service users supported by the team has grown by 28 in a 17-month period. This has impacted on caseloads and the team's ability to complete all required tasks, such as completing reviews in a timely manner.</p> <p>As at March 2020, four people had been discharged from inpatient services, one of whom had been in long term care. In addition, five service people had been admitted and discharged between March 2020 and August 2021. Given the complexity of needs experienced by the individuals supported by the team these levels of discharges are a positive outcome.</p> <p>It was noted that the TCP team's aims do not fully align with expected outcomes nationally and were not always linked to supporting users of the service.</p> <p>There is currently no single record maintained by the team</p>	<p>4 P2 and 4 P3 actions were agreed.</p> <p>Responsible Officer(s): Assistant Director, Care and Support Services</p> <p>With partners, the team's purpose and aims will be reviewed and where necessary redesigned.</p> <p>The criteria for referral to, and discharge from, the team, will be re-scoped and a skills review will be undertaken.</p> <p>A Team Manager will be appointed to oversee the team's work.</p> <p>The use of the Liquid Logic system will be reviewed, and training provided to improve monitoring over service users.</p> <p>Completion of these actions is due by 31</p>

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			<ul style="list-style-type: none"> improving quality of life by supporting access to local services. 		which provides the information necessary to conduct effective monitoring of service users accessing support.	December 2022, with one medium term strategic action due by October 2023.
F	Visit to Care Providers – Chopsticks, Northallerton	No opinion	<p>NYCC provides funding to the contracted supplier for services through Individual Service Contracts.</p> <p>The purpose of the audit was to review the financial procedures at Chopsticks following concerns being raised.</p>	October 2022	<p>By the time of the audit visit some of the concerns had already been mitigated by actions taken by the provider.</p> <p>However, we found a number of weaknesses including inappropriate and unauthorised purchases. The provider also had no written policies in place for the use of company credit cards, personal expenses and cash sales/handling.</p>	The Quality Assurance and Improvement Team, are holding regular meetings with the provider to help address the issues identified in the audit, as well as from wider work undertaken by HAS.

AUDIT OPINIONS AND PRIORITIES FOR ACTIONS

Audit Opinions	
Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.	
Opinion	Assessment of internal control
Substantial Assurance	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.
Reasonable Assurance	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.
Limited Assurance	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.
No Assurance	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.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.