

Flintshire Internal Audit

Progress Report



April 2024

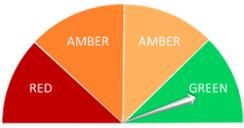
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Levels of Assurance – Standard Audit Reports

Appendix A

The audit opinion is the level of assurance that Internal Audit can give to management and all other stakeholders on the adequacy and effectiveness of controls within the area audited. It is assessed following the completion of the audit and is based on the findings from the audit. Progress on the implementation of agreed actions will be monitored. Findings from **Red** assurance audits, and summary findings from Amber Red audits will be reported to the Governance and Audit Committee.

Level of Assurance	Explanation
<p style="text-align: center;">Green – Substantial</p> 	<p>Strong controls in place (all or most of the following)</p> <ul style="list-style-type: none"> • Key controls exist and are applied consistently and effectively • Objectives achieved in a pragmatic and cost effective manner • Compliance with relevant regulations and procedures • Assets safeguarded • Information reliable <p>Conclusion: key controls have been adequately designed and are operating effectively to deliver the key objectives of the system, process, function or service.</p> <p>Follow Up Audit: 85%+ of actions have been implemented. All high priority actions have been implemented.</p>
<p style="text-align: center;">Amber Green – Reasonable</p> 	<p>Key Controls in place but some fine tuning required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but there are weaknesses and / or inconsistencies in application though no evidence of any significant impact • Some refinement or addition of controls would enhance the control environment • Key objectives could be better achieved with some relatively minor adjustments <p>Conclusion: key controls generally operating effectively.</p> <p>Follow Up Audit: 51-85% of actions have been implemented. All high priority actions have been implemented.</p>
<p style="text-align: center;">Amber Red – Some</p> 	<p>Significant improvement in control environment required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls exist but fail to address all risks identified and / or are not applied consistently and effectively • Evidence of (or the potential for) financial / other loss • Key management information exists but is unreliable • System / process objectives are not being met, or are being met at an unnecessary cost or use of resources. <p>Conclusion: key controls are generally inadequate or ineffective.</p> <p>Follow Up Audits - 30-50% of actions have been implemented. Any outstanding high priority actions are in the process of being implemented.</p>
<p style="text-align: center;">Red – Limited</p> 	<p>Urgent system revision required (one or more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • Evidence of (or the potential for) significant financial / other losses • Key management information does not exist • System / process objectives are not being met, or are being met at a significant and unnecessary cost or use of resources. <p>Conclusion: a lack of adequate or effective controls.</p> <p>Follow Up Audit - <30% of actions have been implemented. Unsatisfactory progress has been made on the implementation of high priority actions.</p>
<p>Categorisation of Actions</p>	<p>Actions are prioritised as High, Medium or Low to reflect our assessment of risk associated with the control weaknesses</p>
<p>Value for Money</p>	<p>The definition of Internal Audit within the Audit Charter includes ‘It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper economic, efficient and effective use of resources.’ These value for money findings and recommendations are included within audit reports.</p>

Final Reports Issued

Appendix B

The following reports and advisory work have been finalised since the last Governance and Audit Committee. Action plans are in place to address the weaknesses identified.

Project Reference	Portfolio	Project Description	Audit Type	Level of Assurance	New Actions		
					High	Med	Low
30-2023/24	P&R	Corporate Grants (replacement of AW work)	Grant	Grant	0	0	0
08-2023/24	P&R	Corporate Credit Cards	Risk Based	Amber Red	4	0	0
02-2023/24	GOV	Declaration of Interests	Risk Based	Amber Red	1	2	0
14-2023/24	SS	Deferred Charges and Management of Residential Care Liabilities	Risk Based	Red	5	3	0

Audit Assurance Summary for 2023/24

Appendix C

Portfolio	Number of Reports & Assurance						Priority & Number of Agreed Actions			
	Red	Amber Red	Amber Green	Green	Advisory / Grant - No Opinion Given	In Total	High	Medium	Low	In Total
Corporate		1			1	2	1	1	2	4
Education & Youth		1	2		2	5		7	6	13
Governance		1			2	3	1	2		3
Housing & Community			1		1	2		1	1	2
People & Resources		2	2	1	1	6	9	5	7	21
Planning, Environment & Economy			1			1		1	1	2
Social Services	1					1	5	3		8
Streetscene & Transportation										
Cross Cutting Portfolio's										
External			1		2	3		1	2	3
Total	1	5	7	1	9	23	16	21	19	56

Footnote:	
Red Assurance:	Deferred Charges and Management of Residential Care Liabilities
Amber Red Assurance:	School Funding - Ty Ffynnon School; Strategic Core Funding; Disclosure & Barring Service (DBS) Checks; Declaration of Interests; and Corporate Credit Cards

Amber Red Reports Issued

Appendix D

Corporate Credit Cards – People and Resources (Finance) –08 –2023/24

Background					
<p>The Council has a Corporate Credit card guidance and procedure 2019 in place. Based on data supplied as part of this audit, there are currently forty-four active corporate credit cards in use assigned to specific cardholders. Corporate Credit cards are issued on the basis of an authorised business case. The cardholder should use the card in line with policy and procedure.</p> <p>Card statements are received by Accounts Payable (28th of each month) Spend is allocated to holding code and payment should be processed by 11th of month to avoid charge/penalty. Portfolio/service accountants liaise with the cardholder/service to obtain receipts to reconcile VAT and spend which is journalled out to relevant ledger codes.</p> <p>Since 2020 the Council has spent the following via the corporate credit cards over the calendar year</p>					
2020 (from 06/01/2020)	2021	2022	2023 (up to 31/05/2023)	Input Error – Date Unclear	TOTAL
£ 172,567.24	£ 258,938.75	£ 276,996.50	£ 140,360.91	£ 5,641.34	£ 854,504.74
<p>The audit considered the adequacy and effectiveness of the controls in place. We tested:</p> <ul style="list-style-type: none"> • Authorisation of card / cancellation of card • Corporate credit card spend (calendar years 06/01/2020 - 31/05/2023) • Reconciliation to receipts • Controls in place to ensure visibility of credit card spend in usual budget monitoring • Controls in place to ensure effectiveness of management reporting • Controls in place to ensure effectiveness of scrutiny and challenge 					
Areas Managed Well					
<ul style="list-style-type: none"> • Corporate credit cards are issued with appropriate documentation and sign off – however a specific finding is identified • Cardholder spending is appropriate / complies with policy or guidance / is in line with VAT– however a specific finding is identified • Cardholder spending is supported by receipts – however a specific finding is identified • Process to cancel cards for staff who have left is effective 					
Areas Identified for Further Improvement and Action Plan					
<p>Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The service area has provided a comprehensive action plan which contains the agreed actions, responsible officer, and individual due dates to address the areas listed below.</p>					

Breadth of Policy

The 2019 Flintshire County Council's Corporate Credit Card guidance states "is intended for valid Flintshire expenditure only and relates to such purchases as, train tickets, hotel bookings, certain internet purchases and some hospitality. The corporate card is accepted in over 843,000 outlets in the UK wherever the VISA sign is visible. The card is intended for flexibility." It also states "Purchases must be made in accordance with the Financial Procedure Rules and Corporate cards **must not** be used to circumvent the official procedures of ordering and procuring goods and services i.e., the P2P process"

The process identifies cardholder and accountant's responsibility, however there are no escalation processes or controls defined to tackle non-compliance which could help enforce these expectations. Credit card spend is different from other spend by the Council in that once card is issued nil further 'authorisation' of payments is mandated. We noted the following from the testing:

- Reliance is on the cardholder to exercise control over whether the card should be used rather than the P2P system or via petty cash or expenses systems - transactions indicate repeated purchases from known suppliers, very low-level cost purchases or items which could have been purchased personally and claimed back via expenses.
- The actions around 'challenging' and reviewing receipts and journaling to ledger codes are retrospective and administrative as the purchase has already been made.
- Instances of non-compliance / lack of receipts / were not effectively challenged, were not escalated and did not prevent the holding account from being cleared.
- Theatr Clwyd is no longer a part of the Council and references to it remain in the procedure.

Credit card spend is difficult to control. The Council has an opportunity to address the breath and opportunity offered by a corporate card and in particular to be clear as to enforcing the sanction where procedure is breached.

Agreed Management Actions: URN 03592

- Accounts Payable will review the corporate credit card policy to ensure it remains fit for purpose. The revised policy will link to the roll out of purchasing cards across the Council. **(AP Due Date 30/04/24)**
- Accounts Payable will seek to strengthen the controls around oversight of spend as well as escalation and reporting of non-compliance and enforcing sanctions as defined in the policy. These actions are listed in the other findings. **(AP Due Date 30/04/24)**

School Use

Three cardholders were identified as being part of a school. Data received identified:

CARD	2020 (from 06/01/2020)	2021	2022	2023 (up to 31/05/2023)	Input error unclear date	TOTAL
(105)			£4,662.06	£11,673.79	£152.16	£16,488.01
(103)			£6,193.23	£9,390.47	£46.14	£15,629.84
(81)	£19,100.12	£36,746.27	£64,976.82	£17,313.32	£632.69	£138,769.22
TOTAL	£19,100.12	£36,746.27	£75,832.11	£38,377.58	£830.99	£170,887.07

We queried this with E&Y, reviewed the business cases, authorisations and undertook high level analysis of the transactions.

Testing identified the following which we have raised with E&Y Finance. The nature of spend had not been reviewed in specific detail in this audit but the full dataset has been provided to E&Y.

- Cardholder #81 is the top spender across the Council (£138k across the timeframe tested)

- Policy/procedure for having access to a corporate card is inconsistent across all school.
- The E&Y team were not aware any of the cards were in use.
- E&Y are not part of authorisation process for issuing cards to schools or withdrawal decisions.
- It is unclear what oversight / sign off / reconciliation or challenge role is in place at the school or within E&Y, in particular E&Y do not review receipts.
- Statements go directly to the school.
- It is unclear what control is in place re VAT.
- It is unclear how this spend is reflected in school budget monitoring.
- Application forms were completed for each of the school cardholders.
- Only one business case was available for review. However, the cardholder has taken the card for use at a different school (not part of original business case)
- One school closed (cardholder #105) in June 2016 and was replaced by another school (cardholder #81) in September 2016
- Since 2022, the spend for cardholder #81 relates to a different school as the cardholder took the card with her when she moved schools.

There is a risk E&Y are not aware of these schools using a corporate card and that none of the associated controls to ensure spend is effectively challenged and reconciled are in place via the current corporate policy.

Agreed Management Actions: URN 03593

- Account Payable records to be amended to ensure spend is accurate to the school where the card is held (#81) **(AP Due Date 01/03/24)**
- Education Finance will present these findings to E&Y DMT **(EY Finance Due Date 12/02/24)**
- Education Finance will contact the three schools to advise that the portfolio is reviewing its policy on corporate credit card use. **(EY Finance Due Date 30/03/24)**
- Education Finance will define an E&Y policy for all school's access to a corporate credit card. If corporate credit cards are to be made available across schools the following controls will be in place:
 - Approval for a corporate card will require E&Y Finance authorisation.
 - Clarity around expected controls around segregation of duties, reviewing receipts, oversight of spend, and reconciliation / journals.
 - The role of E&Y Finance will be defined **(EY Finance Due Date 30/03/24)**

Addressing non-compliance & enforcing control expectations

Finance highlighted a specific area of non-compliance at the point of scoping for this audit. This concerned the lack of receipts under cardholder #93 since Oct 2022, continuing into 23/24, including an estimated issue of £7,500 in VAT. This spend primarily related to the increased provision of emergency accommodation within the homelessness team. This was the second highest area of spend across the Council for the time period tested.

2020 (from 06/01/2020)	2021	2022	2023 (up to 31/05/2023)	input error unclear date	Total
£ 2,485.00	£ 51,904.00	£ 48,873.86	£ 25,617.99	£ 634.40	£ 129,515.25

Testing identified:

- The card limit was increased twice with the necessary approval.
- Additional corporate cards had been requested and approved across the team.
- The issue was discussed at the Special Practitioners Group in April 2023.

Finance confirmed in November 2023 that all of this year's corporate card evidence has now been provided and that a retrospective VAT claim can be made.

The audit report is not suggesting that this spend was inappropriate and we note management had to respond to the pressure being faced by the service.

However, the report does highlight the risk that whilst Finance and AP were aware of the non-compliance from October 2022, and discussion was held at the Special Practitioners group, these challenge processes were not sufficient to resolve the lack of receipts until the internal audit was in progress. This indicates opportunity to improve the current control framework.

Spend across that timeframe was cleared from the holding accounts in response to the pressure reported by the service, however no reporting was formally provided by AP/Finance to escalate / highlight the risk; in particular to accompany the requests to increase the card limits or numbers of cards.

Management advise this pressure will continue into 24/25, and it may be prudent to review whether the corporate credit card is the most appropriate way of continuing to meet this need.

Agreed Management Actions: URN 03594

- Finance will introduce an escalation and reporting process to highlight non-compliance risks to senior management:
 - One of the key risk indicators will be where spend has had to be cleared from the card account without provision of timely receipts.
 - Non-compliance will be reported to COT as part of the quarterly Finance Procedural Rules (FPRs) 'breaches' report. The first report will be 30/05/2024.
 - The relevant CO will be required to authorise continued use of the corporate card. **(Finance Due Date 30/4/24)**
- Where requests are received for additional cards / increases to limits – issues of non-compliance will be part of the decision-making process. **(Finance Due Date 30/4/24)**

Management Reporting

Receipts help accountants discharge their responsibility to challenge validity of spend in good time and help management to evidence that spend is in line with their statutory obligations.

We reviewed the data provided by AP selected samples for testing across the service areas. Accountants were able to provide evidence of receipts and journals. We would note the following:

- Low level of transaction - 1262 Transactions under £20.00 – with the smallest being £0.58 at Tesco
- Regular use of card at supermarkets amounting to £20,337.53 with one transaction at the Spar for £1.10
- Retail spending at what can be perceived as high-risk e.g., £480.75 across Primark, £3,361 at Next, £60.74 at Foot Asylum, £140.60 at River Island, £464.61 at Boots – these seem to relate to provision of clothing for job applicants.
- Regular internet purchases including £673 at Facebook,
- Purchases at Trainline (£13,019.63) where there is a corporate booking process prescribed.
- Payments of £2,297.44 to Flintshire County Council

AP and Finance operate as the second line of defence in this process. This report raises control issues around challenge / scrutiny / escalation actions.

AP receive the credit card statements and manually log each transaction on a spreadsheet to provide to the accountants for reconciliation and raising journals. Spend is recorded on each tab by month and the summary tables are manually populated rather than with any formulae. This makes any overall analysis difficult; audit has to combine a large number of spreadsheets in order to review and analyse spend. Recording transactions is a time-consuming activity and is open to errors - testing identified inconsistent dates, amounts and supplier names.

Once the spend is journalled to the relevant budget line, and holding accounts are cleared the fact that the credit card was used becomes less visible as part of the services regular budget monitoring.

Spend via the corporate card can carry high reputational risk for the Council. The lack of consistent analysis may mean the Council does not take corrective action to enhance the control environment, secure economies of scale or preferential rates and evidence value for money or compliance with other policies. In this current financial climate being alert to opportunities to manage any potential overspending is important.

Agreed Management Actions: URN 03604

- Unfortunately, electronic credit card statements are not available so the production of monthly spreadsheets will need to continue for now. These spreadsheets are also used for FoI requests. The monthly spreadsheets will be used to provide better insights.
- Accounts Payable will review the overall patterns of spend each month to ensure broad compliance with the expectations of the corporate credit card policy.
- We will also provide these monthly spreadsheets to Finance – this will enable accountants to have oversight and take more detailed action to support cardholders to use other purchasing systems rather than the corporate card, secure potential economies of scale and value for money. This will also provide insight into any non-compliance which needs to be escalated (see URN 03594)
- The purchasing cards system will provide data electronically once in place. It is anticipated the purchasing cards will be in place from September 2024. **(AP Due Date 30/4/24)**

Registration and Declaration of Interests – Governance – 02 –2023/24

Background

The Registration and Declaration of Interests audit was requested by Governance & Audit Committee to provide assurance officers are complying with established processes and conflicts are appropriately managed.

Officers of the Council must not allow their private interest to conflict with their public duty and should not use their position or acquire information through their employment which would benefit their private interest or those of others. The Code of Conduct has defined an interest as when a reasonable person would perceive a conflict between the employees' private interests and the work the employee does for the Council.

There are three key processes established by the Council to ensure Officers act appropriately, where their personal interests coincide with the work they undertake for the Council. These three processes are:

- Officers' Registration of Interests (ROI) which is voluntary and applies to very senior officers only (see below)
- Officers' Declaration of Conflict of Interests (DCI) which applies to all officers
- Officers' record of Gifts and Hospitality which applies to all officers

Expectations for compliance with these three processes depends on the role of the officer within the Council. The Guidance for i) Officer's Registration of Interest (ROI), ii) Declarations of Conflict of Interest (DCI) and (iii) Gifts and Hospitality is in place to highlight such interests and any consequential working arrangements to address the conflict.

- Chief Officers, those managers reporting directly to them and employees with delegated powers are asked to voluntarily register their personal interests within the Officers' Registration of Interests. The Guidance for Officer's Registration of Interests, states that upon appointment to one of these designated roles, or within 28 days of appointment, the relevant Officer must complete a form to declare any interests and submit this form to their Chief Officer or the Chief Executive. These declarations should be renewed annually. These Officers must also ensure that any interests that subsequently arise, are registered within 28 days of that interest arising, by completing and then submitting a further form, and must review their register of interests annually.
- The Employee's Code of Conduct requires officers to declare interests where an employee has a personal interest which could be perceived to be a conflict between the officer's personal interests and the work they do for the Council. This applies to all employees. In those instances, an Officer's Declaration of Conflict of Interest Form should be completed and submitted to the line manager for assessment and actions to be taken if necessary. The system is also used to record any declarations of interest by an employee in any contract with the Council as required by section 117 Local Government Act 1972.
- All gifts and hospitality received by officers should be recorded within the Gifts and Hospitality promptly.

The audit considered the adequacy and effectiveness of the controls to ensuring compliance with established processes relating to the register and declarations of interest. Focus was placed on:

- The process and guidance established to oversee and manage risks raised through the Officers' Registration of Interests and the Officers' Declaration of Conflict of Interests.
- Controls in place to demonstrate adherence to set process.
- Adequacy and completeness of the Declarations Live Database.

The process to oversee Gifts and Hospitality did not form part of this review. The process for Members was also not part of the scope.

Areas Managed Well

- The process to registration of interests (ROI) and declare conflicts of interest (DCI) was digitised in 2020 following the 2019 advisory work undertaken by Internal Audit.
- The Declarations Live Database is available on the Council's Infonet.
- Guidance has been established to advise officers when the Officers' Registration of Interests (ROI) and Officers' Declaration of Conflict of Interests (DCI) should be used.
- The requirements to register such interests is detailed within the Officers Code of Conduct, which is available alongside the Declarations Live Database.
- The Chief Officer, Governance and Legal Services Manager has access to the ROI and DCI Admin Dashboard providing oversight on all declarations in the system.

Areas Identified for Further Improvement and Action Plan

Opportunities for improvement to the control environment have been identified to ensure compliance is maximised. The service area has provided a comprehensive action plan which contains the agreed actions, responsible officer, and individual due dates to address the areas listed below.

Non-Compliance with Established Registration (ROI) and Declaration of Conflict of Interests (DCI) Processes

We reviewed both the Registration of Interest (ROI) and Declaration of Conflict Interest (DCI) records held on 24/4/23. The review also considered whether the incorrect register had been completed in error. Testing identified:

ROI (applies to senior officers and voluntary):

- There were eleven ROI records in the Declarations Live database of which six were current and submitted within the last 12 months.
- Two Chief Officers had completed their ROIs, one current and one expired.

DCI (applies to all officers):

- Forms were available for all Chief Officers dating back to 2020 however only four were submitted within the last 12 months.
- In total 65 DCI records were in the Declarations Live Database, this includes four nil returns.
- Despite training having been provided on the system when it was introduced, examination of the interested recorded within the DCI suggests that the entries should have recorded on the ROI instead.

Based on the findings:

- There appears to be some confusion over which part of the Declarations Live Database should be used for which purpose by the Chief Officers, their direct reports or those with delegated responsibility.
- The ROI is voluntary and therefore completion cannot be used to determine compliance.
- Whilst officers must complete the DCI if they have a conflict of interest, NIL returns are not required, as a consequence it cannot be determined if there is full

compliance with the guidance.

- Regular monitoring by COs is not currently undertaken.
- We were, and always will be, unable to identify reporting of compliance / completion rates across the portfolios because:
 - The ROI must be voluntary and therefore officers are not obliged to complete it; and
 - It is not possible to know whether there is something within an officer's private life that might conflict with their work duties unless that is revealed by the officer in question or unless evidence comes to light

There is a risk officers may not be compliant due to the current process, system and a lack of requirement to submit a NIL return (DCI). This could ultimately leave officers and the Council open to allegations of conflict of interest if identified later.

Agreed Management Actions: URN 3545

Revise guidance notes to clarify which part of the system to use and repeat training on how to use the system by visiting each Chief Officer's Senior Management Team meeting. **Due Date 29.02.2024 – Implemented**

Guidance available is Inconsistent

Guidance notes on the Declarations Live Database sets out the expectations of officers as to when an ROIs and DCIs is completed. The Officer's Code of Conduct stipulates the completion of an ROI is voluntary but the guidance on the Declarations Live database states the ROI is mandatory. The Chief Officer, Governance has confirmed the completion of the ROIs is voluntary.

Terminology utilised in the Declarations Live database and the guidance is not aligned (i.e. the guidance refers to Officers' Declaration of Interests Form yet it appears on the database as Record Conflict of Interest).

The guidance for completing ROIs and DCI is available on the Infonet and within the Declarations Live Database. This guidance doesn't give the end user detailed instructions on the completion of the ROIs and DCIs. Prior to introducing the system, the Chief Officer, Governance tested the guidance and the system with a sample of officers who felt it was self-explanatory and intuitive. However, based on the review findings it does not appear that all officers find it so.

The Chief Officer, Governance advised as part of the roll out of the Declaration Live database, that he attended each Chief Officers' Senior Manager Meetings to provide an overview of the database and advise of roles and responsibilities in relation to the process. He also explained when to use each part of the system (ROI, DOI and gifts) and demonstrated how to complete them.

Each Chief Officer is responsible to ensure adherence to established processes within their respective portfolios. There is evidence that most register entries system took place during 2020 when the system / process was first launched.

Within the guidance there are examples of interests that could be recorded in the DCI however no are examples listed for the ROI. Based on the nature of the declarations examined within the DCI (some of which should have been recorded in the ROI) it would suggest the current guidance is causing some confusion or there remains a lack of understanding by officers.

Agreed Management Action : URN 3544

Amend all guidance to make clear that completion of the ROI is voluntary. Other points addressed by the actions in URN 3545. **Due Date 29.02.2024 – Implemented.**

Database functionality could be enhanced

The Declarations Live Database was implemented in 2020 with a view to digitise the ROI and DCI processes whilst enhancing controls and compliance. A review of the database functionality was completed as part of the audit.

The following issues were identified through testing:

- Automatic reminders are not in place to alert when a ROI revision date has lapsed. This was expected to be a Version 2 development which was due to take place last year but has been delayed.
- There is no functionality in place to remove/delete any ROIs or DCIs to comply with GDPR.
- Management is only able to see their direct reports as opposed to their whole service area or portfolio. Greater visibility of the register would assist managers in understanding any conflicts within their service and enable monitoring of completion in accordance with guidance.
- Reminders are not sent when the DCI forms are at various stages of the process awaiting review/action
- Although managers have a dashboard that enables them to see the current status of each entry on the system within their areas:
 - There is no functionality behind the ROI forms to forward these to managers for review and approval. Logic has only been built for the DCI form;
 - There is no functionality within the database to identify those officers who choose not to complete an ROI; and
 - Some cases have been 'in process' since August/September 2020.

The current functionality of the Declarations Live Database does not allow Chief Officer / Service Managers to have oversight of the risks of conflicts and compliance with guidance within the portfolios / service and does not comply with GDPR requirements.

Agreed Management Actions: URN 3546

The following changes to be made to the functionality of the system

Annual reminders; Archiving of expired entries; Ability to delete incorrect entries; Chief officers (can see) and service managers to be able to see all entries in their area; ROI's to be sent to managers for review and approval; and Reminders to be generated when an action remains outstanding. **Due Date 30 July 2024.** Annual reminders are now in place. The remaining system developments will be actioned between May and July 2024.

Social Services – Deferred Charges and Management of Residential Care Liabilities – 14-2023/24

Background:

The Residential Care Management of Asset Values audit was carried out as part of the Internal Audit Strategic Plan for 2022/23 which was agreed with Chief Officers and approved by the Council's Governance and Audit Committee.

To comply with the Social Services and Well-being (Wales) Act 2014, Local authorities must offer a deferred payment agreement to people going into residential care who meet its eligibility criteria and who have been assessed by Social Services requiring residential or nursing care. In some instances, the individual going into care may want to delay paying for some or all of their care costs until a later date, so they don't have to sell their property as soon as they go into the care home. This payment is deferred and not written off. The costs must be repaid by the person entering the care home or by a third party on their behalf.

Under a deferred payment agreement, local authorities are able to recover any costs associated with deferring a person's care costs and to cover the financial risks associated with lending. A charge is placed against the property/assets which the individual going into care has a stake in. The ranking and priority of that charge should take priority any other interest or charge on the property.

The deferred payment agreement can be terminated in three ways:

- At any time by the person repaying the outstanding care costs in full, including any outstanding interest and administrative costs;
- When the property is sold and the authority is repaid; or
- When the person passes away and the amount is repaid to the local authority from their estate.

Residential care spend is significant for all local authorities. At Flintshire County Council (Flintshire) the two weekly CIS payment run report on 28/5/23 identified

CIS payment run	RESIDENTIAL (Long Term)	NURSING (Long Term)	RESIDENTIAL (Short Term)	NURSING (Short Term)	Total
Payments	£630,267.91	£267,137.05	£68,396.16	£2457.62	£968,258.74

Some of these payments represent long-term loans to eligible service users to cover the costs of their care. The process by which these costs are deferred and recovered is a specific risk which requires mitigation. Flintshire's ability to recover against these loans is dependent on effective controls around accuracy of the population; timely and accurate understanding of debt landscape; securing Deferred Payment Agreements; effectiveness of legal charge; quality of monitoring and effectiveness of debt pursuance.

A deferred payment scheme is a legal arrangement with Flintshire. It lets a service user use the value of their home to help defer payments for long term residential care to a later date. A legal charge is secured against the property and is removed once the debt is paid. A service user must request a

deferred payment agreement (DPA) it cannot be forced upon them. Flintshire can approve, approve with discretion, or refuse an application in line with certain criteria. If the service user applies and qualifies, Flintshire should arrange a DPA to be in place following the 12-week disregard period.

After the 12-week disregard period it should be clear how the service user intends to manage their LT residential care costs – either immediate payment for their contribution or has applied and been approved for a DPA for costs to be deferred until property is sold or on death.

Where circumstances affect the ability of Flintshire to exercise any of these controls; commensurate escalation, decision making, and mitigating actions should be in place. Some of these decisions will be difficult and management need to balance the needs of the service user with the risk of financial loss.

The audit considered the adequacy of and adherence to policy and process and evaluated controls in place to ensure any monies owned to Flintshire incurred through provision of long-term residential care are recovered in line with current policy. Management also requested the audit review a sample of historic cases where challenges have been identified.

Accuracy of the financial assessment and accuracy of 'non-recoverable' long term residential costs did not form part of the scope of this audit. We were unable to test controls applied by the Deputyship team due to time constraints.

Areas Managed Well:

The Deferred Payment Scheme leaflet and Paying for Residential Care Information Leaflet is given to each service user. These align with statutory expectations, and outline eligibility criteria and conditions of deferred payment.

The three service users who have signed a deferred payment agreement had charges placed against the property.

Summary Audit Findings and Conclusions:

Testing has identified the established controls to be inadequate and/or ineffective to ensure all monies owned to the Council through the provision of long-term residential Care are recovered in line with the Deferred Payment Scheme.

Key findings were raised which relate to:

- management information not being available, analysed, or timely to assist with recovery activities and mitigate the risk of the Council not being able to recover its costs.
- The designated process to monitor and recover care costs was not complete, adequate and/or being adhered to.
- Charges placed against the properties did not take priority and/or stand up against challenge to facilitate debt recovery.

The audit resulted in a Red (Limited) assurance rating which requires urgent service revision to address the issues identified. Detailed findings and a Service update can be found below.

Detailed Audit Findings:

Findings and Implications	Agreed Action	Who	When
<p>1R <u>Management Dataset - Overall reliability / housekeeping (URN 3552)</u></p> <p>Accurate and timely management information helps ensure management's understanding and decision making is well informed. Management advise information around long term (LT) residential care service users is held in the three sources below.</p> <p>The Property Debt Spreadsheet (PD) - kept by the Financial Assessment Team (FACT). Management advise it identifies all recoverable property cases (72 at time of testing).</p> <p>Testing identified:</p> <ul style="list-style-type: none"> • There are no spreadsheet controls/protections in place to prevent entries / amounts being amended or deleted. • Not all columns in the spreadsheet have been completed to show the progress of the case. • Key fields of the process including property charges are not captured. • There are several tabs on the spreadsheet. Two service users were recorded on more than one tab of the spreadsheet. • Information relating to DPA is inaccurate. • It is unclear when the spreadsheet was last updated. <p>The PARIS system - holds information relating to each service user. Dates and evidence of property charges placed against the respective properties are captured under the notes and the charge registration field. The 'Current Properties with Charges' PDF report can be generated from PARIS. Testing identified:</p> <ul style="list-style-type: none"> • The number of records on the PD does not reconcile with the Current Properties with Charges PDF report provided at the same time. • 15 discrepancies between the dates of charges captured on the PARIS system to those sampled with Legal as part of the testing. 	<p>We have allocated a Planning and Development Officer to work with FACT to implement actions which will mitigate the risks identified and improve working practices. A meeting has been held and a workflow plan has been agreed.</p> <p>A matrix of all the appropriate management information will be created by the end of January 2024, based on proposals made by the Internal Audit team.</p> <p>The matrix will allow for accurate and timely management information to be held in one place and visible to the Team Manager, Service Manager, and Senior Management Team.</p> <p>This will ensure full management understanding of deferred payments, the legal charges supporting them, the progress being made and identify any areas of concern quickly and all in one place.</p> <p>These changes will be woven into the implementation of the new FACT software system ContrOCC which will go live in April 24and will support with provision of data and the monitoring of deferred payment processes.</p>	<p>Jane Davies</p>	<p>31 May 2024</p>

Findings and Implications	Agreed Action	Who	When
<ul style="list-style-type: none"> • A reconciliation between the datasets does not take place. <p>The Long Term Debt (LTD) report and LTD supporting spreadsheet - holds data of outstanding debt. It is produced by the Debt Recovery team. Testing of the 17/1/23 document identified:</p> <ul style="list-style-type: none"> • Two service users appear on the LTD report but do not appear on the PD. • Six service users appear on the PD as deceased but do not appear on the LTD report. • Neither service was aware of these discrepancies. • A reconciliation between the datasets does not take place. <p>There is a risk these datasets are incomplete / inaccurate, and the lack of reconciliation between these may impact on the quality and reliability of the information being used by the service.</p>			
<p>2(R) <u>Long Term Residential care - recoverable costs – visibility (URN 3554)</u></p> <p>LT residential care costs represent a significant spend for all local authorities. Knowing which costs are recoverable and being assured that risks to Flintshire’s ability to recover are sufficiently mitigated is important. Accuracy of this population is a key control as is anytime, accurate and efficient monitoring of levels of outstanding debt/liability.</p> <p>We requested a list of all service users and payments who were in LT residential care funded by Flintshire to distinguish between recoverable and non-recoverable costs from source. Management provided the three sets of information referred to in Finding 1. We highlight general housekeeping and specific control issues with each of these datasets across this report.</p> <p>We reviewed the two weekly CIS report as an indication of spend (25/5/23). CIS lists all payments to providers for long term / short term residential or nursing care. (Table 2). Testing identified:</p> <ul style="list-style-type: none"> • Recovery of LT residential care costs is not recorded as a risk on the risk register. 	<p>The matrix of information to address Risk 1 will also provide information to address Risk 2.</p> <p>The matrix of information will identify the levels of outstanding debt and liability and RAG rate the risks attached to the recovery of those long-term debts which will be implemented in January 2024.</p> <p>The matrix will distinguish between non-recoverable and recoverable costs as part of this process.</p> <p>It will also record the action plan to reduce that risk rating.</p> <p>We will also address the wider risk by</p>	Jane Davies	30 Nov 2024

Findings and Implications	Agreed Action	Who	When
<ul style="list-style-type: none"> • LT Residential payments for a 2-week period amounted to £630,267.91. • The same budget code is used for all LT residential spend. Management has no means to efficiently distinguish between payments which are non-recoverable, and those which FCC will seek to recover apart from the PD. • We were able to match 35 service users on the CIS payment run to clients on the PD. • This represents £39k of costs which are 'recoverable' (Table 2). • LT Residential care costs are visible on a provider level, but unless specific and resource heavy analysis is undertaken, not for each service user. • Payment made for each service user is not reflected as a monthly debt/liability, invoiced via Accounts Receivable (AR), against which payment is to be deferred. • An invoice is only raised where circumstances change (property sold / service user deceased). • Calculation of service user costs is completed by FACT relying on data held in CIS/PARIS/PD rather than the ledger (actual spend). • Production of the statements and final invoice including accuracy of interest charged is based on management rather than financial data from source. • Seven service users appear on PD but are coded to LT Nursing Care on CIS. <p>It is noted that these workarounds may result from the lack of functionality within PARIS but also the way in which service user deferred charge is not recorded in the ledger. The current process (and system) means management cannot extract information from the ledger to evidence a real time and accurate level of outstanding debt/liability which it is seeking to recover at both corporate and service user level.</p> <p>There is a risk Flintshire is unable to effectively quantify the population and</p>	<p>completing a policy review to evaluate the current operating model and approach including transfer of liability/ debt recovery and all associated implications. Revised policy to be presented to Cabinet for review and approval by November 2024.</p>		

Findings and Implications	Agreed Action	Who	When
<p>report levels of recoverable debt and this impacts on effectiveness of operational controls including regular reconciliation and budget monitoring.</p>			
<p>3(R) <u>Deferred Payment Agreement (URN 3551)</u></p> <p>Flintshire’s policy provides that <i>‘following the 12-week disregard period, should the service user have a property which has not met the property disregard criteria, the value of a property will be incorporated into the financial assessment calculation. This may result in the service user being required to contribute to the costs of the residential care. If they do not have the immediate funds to do so, they have the option of putting the property up for sale or enter into a Deferred Payment Agreement (DPA) with Flintshire’</i>. The policy also advises a DPA should be put in place in the event the service user chooses to delay the sale of the property until a later date.</p> <p>Management advise the PD, column ‘G’, states whether a DPA is in place, and column ‘I’ holds a date for DPA signed. Testing of the spreadsheet and supporting process identified:</p> <ul style="list-style-type: none"> • The Financial Assessment form does not make any reference to the DPA process. • Nine of the 72 individuals on the PD are recorded as having a DPA. • On request for these agreements, management confirmed only three DPAs were in place and not nine. • Only two of these service users have dates populated in column I to show when the DPAs were signed. • Management information to explain how the remaining (69) intend to cover the cost of their care and how Flintshire interests are being sufficiently protected is limited. <p><u>No DPA – service user intending to sell property.</u></p> <p>The established procedures stipulate that if no details are received on how the property is being marketed within 14 days of the letter being sent out by the FAO, the FACT manager will be contacted for guidance on what action to take next. The guidance states the insistence of the service user entering</p>	<p>Monthly FACT Specific Legal Surgeries have now been established with Blake Morgan Solicitors. The advice is being provided by a lawyer specialising in social care finance practice and is specific to the needs of FACT.</p> <p>Each Deferred Payment Agreement will be reviewed and through the Legal surgeries and where the effectiveness of the legal charge is in question, an alternative charge will be sought. This has begun and it has proven helpful for the service.</p> <p>Any identified areas of risk of non-payment will be reported upon monthly and escalated as required.</p> <p>Training will be provided to all Financial Assessment Officers involved in the work to ensure correct agreements and charges are in place going forward.</p> <p>Review current policy and ensure alignment to required practices. Review of matrix will assist with lessons learned whilst identifying the required revisions to the current policy.</p>	<p>Jane Davies</p>	<p>30 Nov 2024</p>

Findings and Implications	Agreed Action	Who	When
<p>a DPA will be the norm rather than the exception. We are unable to evidence the use of a DPA with this population as a 'bridging loan' which will allow time to sell property to pay care fees but also protect Flintshire's interests.</p> <p><u>No DPA – service user insufficient capacity to sign</u></p> <p>Legal advised a service user does not need to give permission for a charge to be raised e.g., where a service user's property has not been disregarded but they do not have capacity to enter into an agreement. Where a person lacks capacity either the person's family or Flintshire take steps to help secure a power of attorney / court of protection after which a DPA should be signed. Due to time constraints, we have not reviewed the Deputyship process.</p> <p><u>No DPA – Flintshire refuse DPA / service user ineligible / property can't be disregarded service user refuses to sell or sign</u></p> <p>It is for Flintshire to decide whether to agree or refuse an application for a DPA. Flintshire can never force a DPA on a service user (and can still raise a legal charge). Management advised none have been refused to date. It is unclear how many service users have applied for a DPA however, only 3 have been signed.</p> <p>The DPA is a legal agreement which provides enforceable assurance the service user accepts the terms of this long-term loan. It strengthens Flintshire's position when pursuing debt, ensures the property is not subsequently occupied by family or tenants and the asset is kept in a good state of repair to ensure the value is adequate to secure the debt. It also provides for additional fees to be charged including compound accrued interest / administration fees as well as other legal costs which may eventually apply. Where a DPA is not in place the service user is at financial advantage of securing an interest free long-term loan from Flintshire. We are unable to evidence, where services users have been offered a DPA but refused to apply, how the risk to recovery is being proactively managed.</p> <p>Continuing to pay for service users where Flintshire is unable to sufficiently recover via a DPA, or where effectiveness of legal charge raised may be an</p>			

Findings and Implications	Agreed Action	Who	When
<p>issue; represents higher risk (Table 1).</p> <p>We report on the effectiveness of type of charge it is possible to raise in these circumstances to protect Flintshire's interests and the policy on how Flintshire will respond where it is unable to sufficiently secure recovery needs to be defined.</p> <p>There is a risk of non-compliance with current procedure. Current process does not evidence assurance that the risk of non-recovery is sufficiently managed where a DPA is not in place. The procedure where Flintshire refuses a DPA is not clearly defined.</p>			
<p>4(R) <u>Week 13 Day 1 risk escalation & decision-making process (URN3556)</u></p> <p>Week 13 day 1 represents Flintshire's liability for LT residential costs with the provider on behalf of the service user. Ideally a DPA and/or charge will already be in place to mitigate by this date. Understanding when these mitigations are not/not yet/never will be in place and taking effective decisions to manage/escalate the risk is important.</p> <p>It is understood Flintshire has a duty of care to support its citizens. Flintshire currently will continue to pay for these LT residential costs until the property is sold or service user death. Management advise conversations are had with the service user and/or their representative and updated in the service users' Paris record. Meetings / conversations with specialists in legal and debt recovery are on an ad hoc basis.</p> <p>Internet research identified other local authorities and 3rd sector guidance highlighting the risk that <i>"If your property is not sold during the 12-week property disregard period and you do not want, or are refused, a deferred payment agreement, it is likely the authority's contract with the care home will end"</i>.</p> <p>Management has confirmed liability for LT residential care costs (from week 13 day 1) is not transferred to the service user under <i>any</i> circumstance during the time of their stay in a care home. It is seen as policy that the risk to Flintshire's recovery is overridden by the need to support the service user and that payments will continue.</p>	<p>The monthly Legal Surgeries, the matrix management of information and the initial monthly reporting of Deferred Payments to senior management, will provide early sight of risk areas and monitoring of performance of risk management of existing debts – as detailed above,</p> <p>We will also address the wider risk by completing a policy review to evaluate the current operating model and approach, including decision making at week 13 day 1 and its implications. Revised policy to be presented to Cabinet for review and approval by November 2024.</p>	Jane Davies	30 Nov 2024

Findings and Implications	Agreed Action	Who	When
<p>Testing identified:</p> <ul style="list-style-type: none"> • Nine cases on the property debt spreadsheet do not appear on the property charges PDF from Paris. • Six of these also do not have a DPA in place. • We identified payments for two of these service users on the most recent CIS payment run 28/5/23. According to the property debt spreadsheet ST00943A has been an asset since 5/10/21. There is no asset detail available for ST00315A. • Management information re case management / action plan to resolve is insufficient including specialist legal advice or reporting to senior management. <p>The role of internal audit is not to suggest payments for care should cease. This finding raises the need for risk management - that the policy of continued payments where risk to recovery is highest should be discussed and approved, and the process for escalation of these high-risk cases should be defined and decision making at an appropriate level is evidenced. Decisions should be reported, and impacts reflected in line with corporate risk management practice.</p> <p>The risk of financial loss to Flintshire increases with these types of cases, especially if not consistently highlighted and managed commensurately including escalation, reporting, and securing specialist advice.</p>			
<p>5(R) <u>Debt pursuance, recovery and write off (URN3555)</u></p> <p>The team manager for Collections and Enforcement within the Debt Recovery Team has advised all pursuance and recovery across Flintshire is undertaken in line with the Corporate Debt and Fair Debt policies. At time of testing the LTD 17.01.23 reported debt outstanding as £1,301,566.28. LTD makes up approximately 55% of the total Social Services Debt and amounted to £1.4 million as of January 2023.</p> <p>Management do not view payments for LT residential care as debt reflected in AR on a regular basis against which payment is to be deferred. Instead, an</p>	<p>Internal Audit will provide a copy of this report to Debt Recover.</p> <p>Invite Debt Recovery to the Legal Surgeries in order that the recovery charge and process could be understood and recovery action agreed.</p> <p>As part of this process any debts which may require write off will be identified and reported appropriately to finance</p>	Jane Davies	30 Nov 2024

Findings and Implications	Agreed Action	Who	When
<p>invoice is raised by the FACT team once circumstances change i.e., the property is sold, or the service user passes away.</p> <p>These cases are tagged as 'Long Term Debt Hold'. The team manager for Collections and Enforcement assumes that a suitable charge has been placed against the service user's property and income will be eventually received. However, because it is 'Long Term Debt Hold', the debt is not pursued in line with the standard corporate debt recovery policy (30/60/90 days).</p> <p>A quarterly Long-Term Debt (LTD) report is produced by Debt Recovery for senior management. Testing has identified the following:</p> <ul style="list-style-type: none"> • A specific pursuance / recovery policy has not been defined for LT residential care costs. • A service level agreement is not in place between the two service areas to assist with the timely recovery of this debt in a way which is appropriate for these circumstances. • Seven service users on the LTD spreadsheet do not appear on the property debt spreadsheet. (LTD Value based on last invoice sent £139,178.78) • 36 service users on the property debt spreadsheet do not appear on the LTD. Six are deceased. • Four service users on the LTD report do not have a charge on the Current Properties with Charges PDF report. • 15 service users appear as deceased on the PD. Value on LTD £297,894.62 based on last invoices). These remain on the LTD report indicating recovery is still due. The oldest deceased date is 2008. The most recent invoice date is 14/10/2022. • Two service users are deceased but do not appear on LTD (SP02185A, SS12830A). • A reconciliation does not take place between the datasets. We have not been able to resolve 4 service users 	<p>colleagues and the Chief Officer.</p> <p>Define the appropriate debt recovery process as part of the policy review.</p>		

Findings and Implications	Agreed Action	Who	When
<p>(SS12830A/ST00403A/ST00995A/ST01083A & T00998A).</p> <ul style="list-style-type: none"> LTD 17.01.23 reported debt outstanding as £1,301,566.28. Finance's Income received / outstanding debt extract reported debt outstanding as £1,107,404.57 (ledger code Property Income SER7119621). FACT does not review either of these reports. We have not been able to reconcile these two reports due to time constraints and the way the debt is structured in the ledger. The current process means that without high levels of resource and analysis management are unable efficiently reconcile a service user's account from payments made to invoicing for full costs including interest and management fee, to pursuance and recovery. At the time of reporting, we were unable to resolve whether the final invoice is raised in AR against each service user as a debtor, where debt pursuance action would usually be recorded. We can see invoices coded to Property Income (SER7119621) where any income is receipted. Management cannot evidence recovery activity has taken place via the LTD/PARIS/PD. <p>Write Off</p> <p>We were not able to identify any write off actions against these debts. Debt recovery have confirmed they would not write off this debt as it is expected to be eventually recovered through the sale of the property. However, testing identified accounts on the LTD without a charge against the property, some without a DPA and others with lesser types of charge in place. There are cases where the property has been sold or passed onto other family. Without these key mitigations it is unclear why Flintshire considers it remains in a position to recover against these debts.</p> <p>There is a risk that an appropriate pursuance and recovery process is not in place for these debts payment for which have been deferred – including stages of pursuance, escalation, write off reporting and authorisation. There is a risk as these debts are significant, any write off will have an impact on the FCC's bad debt provision.</p>			

Findings and Implications	Agreed Action	Who	When
<p>6(A) <u>Effectiveness of legal charge (URN 3553)</u></p> <p>Flintshire will place a legal charge against a service user's property in order to recover the amount paid in LT residential care costs. This charge is removed once Flintshire has received payment in full for fees accrued against the property.</p> <p>Management advises there are instances where a charge cannot be raised for example tenants in common, applicant not having capacity and power of attorney not having been obtained etc. However legal have advised a service user does not need to give permission for a charge to be raised. At time of reporting, we were unable to reconcile this difference.</p> <p>Testing identified:</p> <ul style="list-style-type: none"> • Of the 72 service users on the PD, nine did not have a charge against the property. • The Current Properties with Charges PDF report lists a total of 87 properties with a charge. • A service level agreement is not in place between the two service areas to assist with the specialist legal aspects of charges. <p>There are a variety of charges which can be placed against a property depending on whether the property is registered or not. These will impact on the ability of Flintshire to recover costs. The types of charges are:</p> <ol style="list-style-type: none"> 1. Land Reg Charge - registered property 2. Land Reg Restriction - registered property in joint name so restriction in respect of person 3. Class B Land Charge - unregistered property 4. Note with Local Land Charges - Note with Local Land charges register <p>When considering a DPA application, Flintshire has to accept a Type 1 charge as sufficient security to protect its interest however it has discretion over whether to accept the other types of charges as sufficient and can refuse a DPA on this basis.</p>	<p>Through the Legal Surgeries, the appropriateness of each charge and recovery process is being reviewed.</p> <p>This will include the appropriateness of the charge and actions that need to be taken to ensure the pursuance and recovery of the debt in due course.</p> <p>As part of this process any debts which may require write off will be identified and reported appropriately to finance colleagues and the Chief Officer.</p> <p>Learnings will be incorporated into the policy review.</p>	<p>Jane Davies</p>	<p>30 Nov 2024</p>

Findings and Implications	Agreed Action	Who	When
<p>Legal have advised the note with LLC (charge 4) would only notify Flintshire the property was being sold rather than ensure any recovery. Social Services would need to contact the service user representative to attempt to negotiate a payment. There is nil legal obligation on the representative to make such a payment if a DPA has not been signed. This risk materialised in the case of SS12830A and now attempting to recover from FD534056. The service user died in 2017, last invoice £28,047.86 dated 14/11/2019. These costs are yet to be recovered. (Table 3)</p> <p>Management advise they were not aware of the different charges placed on properties and the impact on Flintshire's ability to recover. Management does not differentiate between the various types of charges on the Current Properties with Charges PDF report generated from PARIS nor on the PD.</p> <p>Current process does not evidence whether the charge placed on a property will be sufficiently effective for recovery or whether more specific mitigation actions / decisions are required. It is unclear how many cases have lesser charges on which Flintshire is relying on to recover.</p> <p>There is a risk that relying on an ineffective charge means Flintshire will never be able to recover the funds it is due. The process does not address the risk that a less effective charge increases the risk of non-recovery and financial loss.</p>			
<p>7(A) <u>Annual / Bi-annual property statement (URN 3557)</u></p> <p>The Social Service and Well-Being (Wales) Act 2014, Part 4 and 5 of the code of Practice, requires local authorities to provide those service users on a DPA with a six-monthly written update of the amount of care costs deferred, of the interest and administrative costs accrued to date, of the total amount due and an estimate of the equity remaining in the home not covered by the required amount deferred.</p> <p>Testing identified updates are not being sent every six months as required and the updates provided do not include any reference to the estimate of the equity remaining in the home not covered by the required amount deferred. This is also crucial aspect in Flintshire's decision whether to revoke</p>	<p>A six-monthly written update of the amount of care costs deferred inclusive of interest and administrations costs will be provided to the service users or their appropriate representative.</p> <p>Prior to the implementation of the new FACT software system ContrOCC, this will be undertaken manually. Post implementation in Q4 2023/24 this will be automated through ContrOCC.</p>	Jane Davies	31 Dec 2023

Findings and Implications	Agreed Action	Who	When
<p>the DPA.</p> <p>Service users who have not secured a DPA but where there is a charge placed on the property should receive a property statement at year end advising of the total amount owing to FCC. This requirement is applicable to the majority of cases (96%) on the property debt spreadsheet. We were provided with an example of the statement but there is nil up to date management information to identify compliance with this requirement. Due to lack of time, we have not been able to test this further.</p> <p>There is a risk Flintshire is non-compliant with the requirements set out in the Social Service and Well Being (Wales) Act 2014 Part 4 and 5 or the Code of practice. We are unable to evidence accurate calculation of interest due as well as judgement on remaining equity being sufficient to enable full cost recovery.</p>			
<p>8(A) <u>MANAGEMENT REQUEST – Historic Case studies (URN 3550)</u></p> <p>Two cases were provided for sample testing as difficulties had been encountered with recovery of debt. We would note the following:</p> <ul style="list-style-type: none"> • SS05743B deceased 10/09/2019, SS20412A deceased 28/02/2013. • S05743B on LTD £1478.03. We are unable to report the original debt owed on death as the figures in the PD spreadsheet do not reconcile. • SS20412A on LTD £359.43. We are unable to report the original debt owed on death as the figures in the PD spreadsheet do not reconcile. • Neither service user had a DPA in place. Flintshire therefore had limited protection to ensure the property was not subsequently occupied by family or tenants and the asset was kept in a good state of repair to ensure the value is adequate to secure the debt. • A Land Registry restriction (Type 2 charge) and a Class B Land Charge (Type 3 charge) were placed against the properties. • We are unable to evidence action to enforce these charges at time of death. However, as these are lesser types of charges, there is a risk these 	<p>The new control measures detailed above will mitigate against these types of risks reoccurring in the future.</p> <p>As a further assurance, case file audits will be introduced in the service to ensure compliance with the new procedures detailed above.</p> <p>These audits will include debt recovery assurance, compliance with legal process and delivery of management information.</p>	Jane Davies	31 May 2024

Findings and Implications	Agreed Action	Who	When
<p>were insufficient to protect Flintshire’s interest and recover the debt.</p> <ul style="list-style-type: none"> • There was a lack of clarity of role and responsibility between FACT and debt recovery. • Pursuance policy was not in place to provide guidance on the recovery activities to be completed and timescales for these. • Case management and escalation process was not in place. <p>These historic cases highlight several control issues which are also highlighted in this report. There is a risk the current control environment would not sufficiently mitigate against these types of risk reoccurring, leading to significant financial loss.</p>			

Supporting tables are located at the end of Appendix E.

Progress to date by the Service:

Since the completion of the audit report the Financial Assessment and Charging Team have established a Task and Finish Group to address the agreed actions, this work is taking place alongside the implementation of a new finance software system which will support the additional monitoring and control measures identified in the audit report. This work has resulted in:

- An Action Plan is in place and is working through the risks identified through the Internal Audit review but has also identified additional areas of work to further improve processes. This group report progress to the Senior Manager Safeguarding and Commissioning on a 6-weekly basis. Progress reports are also prepared and presented to the Social Services Senior Management Team.
- The Social Services client information system, PARIS, has been amended to create a specific section in the system which will allow for the detailed recording of deferred payment applications. Functionality has been built into the system to allow reporting functionality to support ongoing monitoring. Once this new section in PARIS has been fully tested, all steps in the process, financial information and management information will be recorded in one central location and will ensure consistency in information recording. The reporting functionality will allow for clearer management oversight and greater control measures and will remove the need for separate spreadsheets which are currently being maintained.
- A report of all deferred payment cases will be produced from PARIS every 6 weeks, this will be used as source data for the 6 weekly Debt Review Meetings which will continue to be held between senior managers in Social Services and senior officers from the Collection and Enforcement Team. At these meetings data from PARIS will be reconciled with Collection and Enforcement data and actions agreed.

- Case File Audits are being introduced and these will take place every 6 weeks, initially based on the discussions held at the Debt Review Meetings. The Case File Audits will be scheduled to follow on from the Debt Review Meetings and will review adherence to practice as well as identify areas of best practice and learning.
- The new section in PARIS also creates an additional functionality where cases can be immediately escalated to Senior Management. An example of escalation would be where the Council is unable to register a charge on a property. An escalation report will be produced every 6 weeks detailing all Deferred Payment activity and including early notification of potential areas of risk and appropriate decisions. This report alongside the information from the Debt Review Meeting and the Cast File Audits will be presented to the Senior Manager Safeguarding and Commissioning for review, risk assessment and decision. Based on the 3 sources of information detailed above, each case will be awarded a RAG Status and appropriate actions identified. All cases identified as having a red RAG status will be reviewed 6 weekly, all cases identified as having an amber RAG status will be reviewed every 18 weeks and all cases identified as having a green RAG status will be reviewed every 6 months.
- The working group will be reviewing all existing property and deferred payment cases on the 17th April 2024 and inputting the information into the new section in PARIS. Once this is complete the 6 weekly reporting and oversight activity will commence.
- Monthly Legal Surgeries with Blake Morgan Solicitors are taking place and the Financial Assessments and Charging Team Leader is liaising between Debt Recovery and Flintshire Legal Services to resolve any issues identified with specific cases.

Ongoing Service Actions:

Further Legal Surgeries have been arranged to review every legal charge and Deferred Payment Agreement. These Legal Surgeries will include colleagues from the Collection and Enforcement Team. We have also requested detailed guidance from Blake Morgan on the detail of various forms of legal charge and their appropriate use. This information will be shared with the Financial Assessment and Charging Team, the Collection and Enforcement Team and Legal Services.

Training will be provided to all relevant Financial Assessment Officers regarding Deferred Payment Agreement and the types of legal charges available, the differences between them and in what circumstances they apply.

Further improvements to the processes have been identified which will be undertaken during the next six months. These include reviewing and creating new template letters and reviewing associated processes linked to the new finance software system.

A review of historic cases will be undertaken and feed into a wider policy review.

The wider policy review will be undertaken once the initial monitoring and management oversight processes are in place. The review will take into account learnings from the Legal Surgeries to ensure the effectiveness of all legal charges.

A quarterly report on progress will be presented to the Social Services Senior Management Team for review and challenge.

Next Steps:

A full report on progress will be provided to Informal Cabinet, Health and Social Care Overview and Scrutiny Committee and full Cabinet.

An update report be brought to this Governance and Audit Committee in 6 months' time to provide an update on progress against the Audit Recommendations as well as sharing progress on additional actions taken outside the original finding of the Audit.

Service Action Plan Following Review:

Deferred Payments and Property Cases Workplan

**Completion
Due Date 30/11/2024**

Task	Source	Deadline	Owner	Status	Comments
Action Plan of risks in audit report	Brief meeting	31/05/2024	Gemma	Complete	See second tab
Matrix of info from all systems Property s/s, PARIS, CIS - RAG rated	Audit report	31/05/2024	Working Group		Spec sent to PARIS - waiting for matrix to be built
List all actions in the process from start to debt recovery Inc letters to send, when and what to say	Brief meeting	30/11/2024	Gemma	Complete	Actions identified and listed in spec for Matrix
Create process for debt recovery	Brief meeting	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create process and leaflet to give to families	Brief meeting	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create procedure for deferred Payments process	Additional	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create procedures for ends (property sale, death or CHC)	Additional	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create procedure for year end process	Additional	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create procedure for non co-operative families	Additional	30/11/2024	Working Group		To be completed once Matrix is in place and process is agreed
Create letter – a charge has been registered	Additional	30/11/2024	Danielle		26/2/24 Danielle to draft template

Create letter – property needs registering with the land registry	Additional	30/11/2024	Danielle		26/2/24 Danielle to draft template
Create letter - a valuation has been requested	Additional	30/11/2024	Danielle	Complete	Detail included in initial letter
Create letter – a valuation has been completed (Deferred Payment Only)	Additional	31/05/2024	Danielle		26/2/24 Danielle to draft template
Create letter – CHC funded, client contribution to be paid towards property debt accrued	Additional	31/05/2024	Danielle		26/2/24 Danielle to draft template
Check Deferred Payment Application form is correct Re compound interest and date payment due	Additional	31/05/2024			
Deferred Payment contract from legal - is this correct?	Additional	31/05/2024			
Create checklist for WBOs – to built into Financial Assessment Claim Form	Additional	31/05/2024	Gemma		Draft v2 sent to working group 26/02/24
Update WBO process / procedure	Additional	30/11/2024	Ian		
Update property procedure	Additional	30/11/2024	Working Group		To be completed once Matrix is place and process is agreed
Create flowcharts for processes and actions	Brief meeting	30/11/2024			To be completed once Matrix is place and process is agreed
Review all property cases	Brief meeting	31/05/2024	Working Group		Booked date 03/04/24 to review cases and input on new PARIS form
Manual Six monthly statements until ContrOCC in place	Audit report	31/12/2023	Claire / FAOs	Complete	Confirmation manual process is in place
Introduction of case file audits	Audit report	31/05/2023			To be introduced once Matrix is in place
Monthly FACT Legal surgeries to review all DP agreements	Audit report	30/11/2024			
Review each charge through the legal surgeries, and actions needed to ensure debt recovery	Audit report	30/11/2024			

Monthly reports of cases with risk and / or non payment	Audit report	30/11/2024			PARIS matrix will provide reports
Training for FAOs around correct agreements and charges - from Blake Morgan	Audit report	30/11/2024			
Debt recovery to be invited to legal surgeries	Audit report	30/11/2024	Claire	Complete	Claire meeting with Carwyn & Hannah (Debt Management) and taking the information to Blake Morgan Legal Surgeries. Claire then feeding back to debt recovery in bi-monthly meetings
Identify bad debts for write off	Audit report	30/11/2024			
Complete a policy review	Audit report	30/11/2024			To be completed once Matrix is in place and process is agreed
Incorporate learnings into the policy review	Audit report	30/11/2024			
Define the appropriate debt recovery process as part of the policy review	Audit report	30/11/2024			
Complete IIA	Audit report	30/11/2024			

Below is a link to Social Services Information Leaflet – Paying for Residential Care which is available on the Council’s website.

<https://www.flintshire.gov.uk/en/PDFFiles/Social-Services/Adult-Social-Services/SSA-A16R-Paying-for-Residential-Care-Information-Leaflet.pdf>

Table 1 – Internal Audit Risk Profile

GROUP	SERVICE USER	LT RESIDENTIAL CARE COSTS	RISK	CONTROL
1	<ul style="list-style-type: none"> >£50K Service user self-funder liable for their own LT Residential care costs 	NIL	NIL	NIL
2	<ul style="list-style-type: none"> <£50K no property, or other assets property ineligible – value low or partner, a dependent child, a relative aged over 60, or someone who is sick or disabled still lives home. 	NON-RECOVERABLE LT residential care costs	Risk is that payment by Flintshire on service user behalf is inaccurate	<ul style="list-style-type: none"> accuracy of payment regular monitoring, reconciliation, and reporting nil for debt recovery as none is expected
3	<ul style="list-style-type: none"> <£50k other assets (apart from home) are low property eligible - value of home is over the threshold for paying part or all of care home costs own property / has beneficial interest realisable on sale may/may not have capacity to enter into agreement 	RECOVERABLE LT residential care costs	Risk is that payments by Flintshire on service user behalf is inaccurate	<ul style="list-style-type: none"> visibility of service user care costs accuracy of payment regular monitoring, reconciliation, and reporting
			Risk is that Flintshire payments cannot be recovered	<ul style="list-style-type: none"> service user chooses to sell property immediately and pay
				<ul style="list-style-type: none"> Service user chooses to delay sale of house applies for bridging DPA which is approved. Flintshire raises sufficient legal charge (Type 1)
				<ul style="list-style-type: none"> service user chooses to defer payment until death applies and agrees to DPA which is approved. Flintshire raises sufficient legal charge (Type 1)
<ul style="list-style-type: none"> Service user nil capacity to agree to DPA Family/representative to resolve PoW Flintshire understands available legal charge RISK MANAGEMENT & MGMT DECISION RE CONTINUED PAYMENT Eventually Flintshire secures DPA with 	<ul style="list-style-type: none"> Service user nil capacity to agree to DPA Flintshire needs to assist service user to apply and agree to a DPA Flintshire understands available legal charge RISK MANAGEMENT & MGMT DECISION RE CONTINUED PAYMENT Eventually Flintshire secures PoA, DPA in 			

				family / personal rep & more effective legal charge raised	place & more effective legal charge raised
				<ul style="list-style-type: none"> • Flintshire rejects DPA application • Flintshire understands available legal charge • Nil in place or likely to be in place to recover • RISK MANAGEMENT & MGMT DECISION RE CONTINUED PAYMENT 	
				<ul style="list-style-type: none"> • Service user / family / personal rep refuses sale and refuses to apply DPA • Flintshire understands available legal charge • Nil in place or likely to be in place to recover • RISK MANAGEMENT & MGMT DECISION RE CONTINUED PAYMENT 	
				<ul style="list-style-type: none"> • Accuracy of final invoice • Clarity of pursuance activity which should take place • Regular monitoring and reporting • RISK MANAGEMENT DECISION & ESCALATION • HIGH RISK CASES AS RESULT OF MGMT DECISION TO CONTINU PAYMENT. • Appropriate write off 	
			Risk is that once circumstances warrant (sale / death) debt pursuance and recovery is insufficient		

Table 2.1 and 2.2 – Payments Made Via CIS 25/5/23

TABLE 2.1 – CIS TWO WEEKLY PAYMENT RUN 28/5/2023 - represents payments by ledger code						
Ledger Code	ADJM	ADJS	ADJSM	Cost for # of nights	T - short term care placement	Grand Total
RESIDENTIAL LT	£ 60.00	£ 14,887.24	-£ 590.53	£ 615,911.20		£ 630,267.91
NURSING LT	-£ 49.30	£ 11,461.47		£ 255,724.88		£ 267,137.05
RESIDENTIAL ST	-£ 986.15	£ 1,795.63			£ 67,586.68	£ 68,396.16
NURSING ST	x	£ 337.02			£ 2,120.60	£ 2,457.62
Grand Total	-£ 975.45	£ 28,481.36	-£ 590.53	£ 871,636.08	£ 69,707.28	£ 968,258.74

TABLE 2.2 – CIS TWO WEEKLY PAYMENT RUN 28/5/2023 - represents RECOVERABLE long term residential care costs if these ARE on the Property Debt Spreadsheet = £39,134.38							
Property Debt Spreadsheet	OVERALL CODE	ADJM	ADJS	ADJSM	Cost for # of nights	T - short term care placement	Grand Total
not on PDS	RESIDENTIAL LT	£ 60.00	£10,227.71	-£ 590.53	£279,460.16		£289,157.34
not on PDS	NURSING LT	-£ 49.30	£11,461.47		£244,371.12		£255,783.29
not on PDS	RESIDENTIAL ST	-£ 986.15	£ 1,795.63			£ 67,586.68	£ 68,396.16
not on PDS	NURSING ST		£ 337.02			£ 2,120.60	£ 2,457.62
not on PDS (PDSI client)	RESIDENTIAL LT		£ 4,659.53		£308,670.42		£313,329.95
Yes	RESIDENTIAL LT				£ 27,780.62		£ 27,780.62
Yes but nursing	NURSING LT				£ 11,353.76		£ 11,353.76
Grand Total		-£ 975.45	£28,481.36	-£ 590.53	£871,636.08	£ 69,707.28	£968,258.74

Table 2.3 Recoverable Client Number

RECOVERABLE = ON PDS £ 39,134.38				
NURSING LONG TERM	£ 11,353.76		RESIDENTIAL-L TERM	£ 27,780.62
C00459A	£ 1,820.46		C00081A	£ 665.04
P00817A	£ 1,876.82		C00734A	£ 1,221.44
S14026A	£ 1,804.78		C00971A	£ 904.36
S28040A	£ 798.94		P00448A	£ 811.98
T00315A	£ 1,662.04		P02557A	£ 974.06
T00675A	£ 1,758.06		S04254A	£ 683.98
T01414A	£ 1,632.66		S08410B	£ 721.40
			S09823A	£ 941.52
			S13851A	£ 860.42
			S27903A	£ 906.68
			S28237A	£ 756.26
			T00252A	£ 409.52
			T00360A	£ 974.26
			T00367A	£ 1,195.48
			T00433A	£ 1,084.70
			T00567A	£ 650.46
			T00710A	£ 886.58
			T00716A	£ 921.20
			T00731A	£ 803.36
			T00943A	£ 755.76
			T00966A	£ 1,727.16
			T00994A	£ 1,455.10
			T00995A	£ 1,643.16
			T01195A	£ 1,141.80
			T01239A	£ 953.08
			T01295A	£ 869.00
			T01296A	£ 1,219.70
			T01372A	£ 1,643.16

Table 2.4 – Ledger Information from Finance

CIS REPORT BUDGET CODES	detail 1	overall	DSCRPT JD
SER7315628	RESIDENTIAL & NURSI	NURSING LT	This is a budget code for Older Peoples commissioned residential care
SER7515628	RESIDENTIAL & NURSI	NURSING LT	This is a budget code for Older Peoples commissioned residential care
SER7715628	RESIDENTIAL & NURSI	NURSING LT	This is a budget code for Older Peoples commissioned residential care
SFF6115628	FOST'G FLINT/H'WELL	NURSING LT	Is not currently used
SLC2315628	PDSI - RESIDENTIAL/	NURSING LT	PDSI is Physical Disability and Sensory Impairment, mostly used for costs for adults aged between 18 - 65 years old
SLC3215628	RESOURCE PANEL	NURSING LT	Is not currently used
SLC9235628	RESID'TL PLACEMENTS	NURSING LT	This is a budget code for people with Learning Disabilities (mostly aged between 18 - 65 years old)
SMR2215625	DEESIDE RESIDENT	NURSING LT	This is a budget code for Mental Health (mostly aged between 18 - 65 years old)
SER7515629	RESIDENTIAL & NURSI	NURSING ST	This is a budget code for Older Peoples commissioned residential care
SCE1145625	(FCC)PHYS DIS EQUIP	RESIDENTIAL LT	This is a budget code from the North East Wales Community Equipment Store (NEWCES)
SER7215625	FREE NURSING INCOME	RESIDENTIAL LT	Is not currently used
SER7315625	RESIDENTIAL & NURSI	RESIDENTIAL LT	This is a budget code for Older Peoples commissioned residential care
SER7515625	RESIDENTIAL & NURSI	RESIDENTIAL LT	This is a budget code for Older Peoples commissioned residential care
SER7715625	RESIDENTIAL & NURSI	RESIDENTIAL LT	This is a budget code for Older Peoples commissioned residential care
SER7715625*	RESIDENTIAL & NURSI	RESIDENTIAL LT	This is a budget code for Older Peoples commissioned residential care
SLC2215625	PDSI - DOMICILLIARY	RESIDENTIAL LT	PDSI is Physical Disability and Sensory Impairment, mostly used for costs for adults aged between 18 - 65 years old
SLC2315625	PDSI - RESIDENTIAL/	RESIDENTIAL LT	PDSI is Physical Disability and Sensory Impairment, mostly used for costs for adults aged between 18 - 65 years old
SLC9235625	RESID'TL PLACEMENTS	RESIDENTIAL LT	This is a budget code for people with Learning Disabilities (mostly aged between 18 - 65 years old)
SLC9315625	LIFE SHARES	RESIDENTIAL LT	This is a budget code for people with Learning Disabilities (mostly aged between 18 - 65 years old)
SMR2215628	DEESIDE RESIDENT	RESIDENTIAL LT	This is a budget code for Mental Health (mostly aged between 18 - 65 years old)
SCE1145626	(FCC)PHYS DIS EQUIP	RESIDENTIAL ST	This is a budget code from the North East Wales Community Equipment Store (NEWCES)
SER7215626	FREE NURSING INCOME	RESIDENTIAL ST	Is not currently used
SER7315626	RESIDENTIAL & NURSI	RESIDENTIAL ST	This is a budget code for Older Peoples commissioned residential care
SER7315626*	RESIDENTIAL & NURSI	RESIDENTIAL ST	This is a budget code for Older Peoples commissioned residential care
SER7515626	RESIDENTIAL & NURSI	RESIDENTIAL ST	This is a budget code for Older Peoples commissioned residential care
SER7715626	RESIDENTIAL & NURSI	RESIDENTIAL ST	This is a budget code for Older Peoples commissioned residential care
SGC2115626*	GENERAL EXPENDITURE	RESIDENTIAL ST	Is not currently used
SLC2315626	PDSI - RESIDENTIAL/	RESIDENTIAL ST	PDSI is Physical Disability and Sensory Impairment, mostly used for costs for adults aged between 18 - 65 years old

Table 3 – Risk to Effective Recovery

LTD Spreadsheet @ 17.01.2023 £837,884.68 – Reconciled with Legal Charges Tested by Service User

Customer ID	DECEASED	LTD INVOICE DATE	LTD @17.01.23	DPA	Land Reg Charge	Land Reg Restriction	Class B Land Charge	Note with LCC	No Info
SS14274A	06/08/2008	31/03/2007	£15,254.06	no					✓
SS20412A	28/02/2013	30/06/2022	£359.43	no			✓		
SS22438A	28/05/2013	17/09/2013	£34,914.20	no					✓
SA23047B	25/07/2015	15/03/2017	£34,568.21	no					✓
FD534056 & SS12830A	04/04/2017	14/11/2019	£28,047.86	no				✓	
SS09665A	25/07/2018	04/02/2018	£3,458.05	not really			✓		
SP02185A	29/03/2019	NOT ON LTD	£ -	no					✓
SS05743B	10/09/2019	31/03/2022	£1,478.03	no		✓			
SP01554A	17/03/2020	28/05/2021	£936.05	no			✓		
SP01179A	19/01/2021	10/03/2021	£21,100.00	no					✓
SP02679A	18/06/2021	30/07/2021	£16,230.68	no			✓		
SC00329A	07/01/2022	03/02/2022	£46,163.89	CONFIRMED	✓				
ST00472A	17/04/2022	18/05/2022	£1,402.04	no			✓		
SS18639A	24/07/2022	05/08/2022	£4,913.32	no		✓			
SP01903A	09/10/2022	14/10/2022	£76,727.29	CONFIRMED	✓				
ST00810A	11/12/2022	18/05/2022	£20,302.50	no	✓				
		18/05/2022	£20,086.87	no	✓				
SA19699B	NO	06/11/2018	£4,478.06	not really					✓
SC00081A	NO	17/03/2022	£13,865.14	no			✓		
SD25317A	NO	31/03/2022	£9,577.22	no		✓			
SP00448A	NO	31/03/2022	£13,914.49	no	✓				
SP01418A	NO	31/03/2016	£8,729.32	no			✓		
SP01434A	NO	21/04/2021	£5,821.39	not really					✓
		23/06/2022	£28,138.16	not really					✓
SP01474A	NO	31/03/2022	£26,134.48	not really			✓		
SP01519A	NO	30/06/2022	£19,353.07	no			✓		
SS00974A	NO	30/03/2022	£36,412.95	not really	✓				

Customer ID	DECEASED	LTD INVOICE DATE	LTD @17.01.23	DPA	Land Reg Charge	Land Reg Restriction	Class B Land Charge	Note with LCC	No Info
SS08410B	NO	21/04/2022	£13,693.96	no	√				
SS08762A	NO	09/03/2015	£9,496.06	not really					√
SS13851A	NO	31/03/2022	£18,358.14	no		√			
SS21032A	NO	22/09/2021	£17,753.40	not really					√
SS27903A	NO	31/03/2022	£18,879.05	no			√		
SS28040A	NO	31/03/2022	£47,518.74	no					√
SS28237A	NO	24/03/2021	£22,603.88	no			√		
ST00252A	NO	31/03/2022	£12,910.39	no			√		
ST00360A	NO	31/03/2022	£14,589.02	no					√
ST00367A	NO	31/03/2022	£23,326.14	not really					√
ST00403A	NO	30/06/2022	£44,545.07	no					√
ST00433A	NO	17/03/2022	£20,816.92	no	√				
ST00487A	NO	17/08/2022	£5,620.50	not really					√
ST00567A	NO	31/03/2022	£13,173.42	CONFIRMED	√				
ST00675A	NO	17/03/2022	£15,760.50	no			√		
ST00710A	NO	18/05/2022	£19,135.02	no					√
ST00731A	NO	31/03/2022	£13,636.52	no	√				
ST00995A	NO	NOT ON LTD	£ -	no					√
ST01083A	NO	14/07/2022	£4,225.78	no					√
		23/03/2022	£9,475.41	no					√
T00998A	NO	NOT ON LTD	£ -	no					√
	Grand Total		£837,884.68						

Action Tracking – Portfolio Performance Statistics

Appendix F

Portfolio	Live Actions	Analysis of Live Actions			Total Actions Overdue	Analysis of Overdue Actions			Overall % of Overdue Actions	Actions with a Revised Due Date	Actions between 6 & 12 Months	Actions 13+ Months
		H	M	L		H	M	L				
Chief Executives	5	1	1	3	2	0	1	1	40%	1	0	1
People (HR)	19	4	9	6	13	0	8	5	68%	11	5	6
Resources (Finance)	12	3	4	5	7	0	4	3	58%	4	3	3
Education & Youth	1	1	0	0	0	0	0	0	0%	1	0	0
Governance	8	0	4	4	5	0	2	3	63%	7	5	3
Housing & Communities	24	6	11	7	21	4	10	7	88%	21	5	15
Planning, Environment & Economy	1	0	1	0	0	0	0	0	0%	1	0	0
Social Services	8	5	3	0	1	0	1	0	13%	1	0	0
Streetscene & Transportation	13	3	5	5	13	3	5	5	100%	11	4	7
External	5	0	2	3	5	0	2	3	100%	2	0	2
Individual Schools	18	0	10	8	18	0	10	8	100%	1	5	4
Total	114	23	50	41	85	7	43	35	75%	61	27	41

High Priority Actions Overdue

Appendix G

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
H&C	21/22 Maes Gwern Contractual Arrangements- Changes to unit type have an impact on capital receipts	3159	A process and a process owner to be devised and introduced to identify any discrepancies in changes to property type and chase any remaining funds and interest due to the Council since the completion date. Any risks to the achievement of the agreed capital receipts should be considered and escalated to Chief Officer.	H	29-Oct-21	30-Jun-23	30-Jan-24	<p>Cross referenced schedules from the Wates / Finance and the original planning approval house types and GIFA were provided. This cross referencing demonstrates all house types and GIFA remain the same, except 13 plot types approved as a non-material planning change, and two plots swapped location to accommodate a badger set.</p> <p>Late payment claims - process owner CT</p> <p>Documentation provided to IA on 16.01.2024 shows</p> <ol style="list-style-type: none"> 1) the outstanding funding to the Council based on when a plot was sold, against when funding was actually received. This gives a daily balance broken down by each plot based on the data in the payment schedule spreadsheet. 2) the average daily interest rate for each day. 3) brings both together to give a total of interest due each day from the first plot sold to final payment being received, totalling £8,594.
H&C	21/22 Maes Gwern Contractual Arrangements- The finance process in place to monitor capital receipts is not adequate.	3174	A review to be complete of all current processes and these be aligned with the requirements stipulated in the Development Agreement. Management information to be reviewed at established governance routines to ensure programme deliverables are on track in line with Development Agreement. Identified changes to capital receipts should be escalated to the Chief Officer of Housing and Assets.	H	29-Oct-23	31-July-23	30-Jan-24	<p>Payment schedule attached / process owner CT & PC</p> <p>Documentation provided compares the plot values paid by Wates, along with the completion dates of each plot and dates the funding was received, against the expected capital receipt due for the scheme.</p> <p>The document shows the funding received from Wates for plot value paid, against plot values in Wates's report. This reconciled to the report with no significant variances. However, for transparency, it looks like we have received £380.05 more than expected. This is over 3 plots and look like transposition errors when paid to FCC.</p> <p>The document also compares funding received against the expected capital receipt from the development agreement. This shows an overpayment of £17,622. There was a £12 discrepancy between the capital receipts expected in the development agreement to the</p>

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
								actual amount expected, which reduces the overpayment to £17,610. This is the amount Wates are stating is for late interest payments.
H&C	Homelessness & Temporary Accommodation 21/22- A homelessness/Temporary accommodation policy is not in place.	3234	<p>The response will be delivered in 2 stages –medium and longer term. All actions are assigned to the Service manager to be delegated across team.</p> <p>Medium term (June 2022) Restructure of Housing Support and Homeless Prevention Service and create a specific team for Property Management to take the management of Temporary Accommodation out of the Homeless Team. Restructure has been approved, job descriptions are being devised and recruitment to begin in April 2022.</p> <p>Long Term (Dec 2022) Homelessness Accommodation Policy to be devised which will guide all processes and ensure delivery of all ambitions identified in the soon to be revised Housing Support Programme Strategy which comes in force 1st April 2022.</p>	H	30-Dec-22	31-Mar-24	30-Jan-24	<p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below:</p> <p>Restructure within the Housing & Prevention Service and separation of Temporary Accommodation management from the Homeless Team functions:</p> <ul style="list-style-type: none"> Additional Temporary Accommodation Officer now in post and Restructure continues in relation to Job Evaluation <p>Develop Homeless Accommodation Policy</p> <ul style="list-style-type: none"> Homeless Accommodation Policy now in place and to be shared with Audit Team for review 17/01/2024.
H&C	Homelessness & Temporary Accommodation 21/22- Management information is not available or unreliable to monitor the achievement of the Homelessness	3255	<p>The response will be delivered in the medium term. All actions are assigned to the Service manager to be delegated across team.</p> <p>Medium term (June 2022) Introduce management information to: Monitor performance timescales at the various stages in Void</p>	H	30-Jun-22	31-Mar-24	23-Jan-24	<p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below: Improve and enhance excel spreadsheet to capture all information in relation to temporary accommodation.</p> <ul style="list-style-type: none"> Spreadsheets updated for data capture and available for Audit Team review end January 2024 Additional tabs on spreadsheets for collection of data relating to Performance Information for length of stay and available for Audit Team review end January 2024

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
	Strategy and policy		<p>Management Process. Information to be timely reviewed to identify and address process impediments/opportunities for improvement. Provide oversight of all offers for permanent accommodations, those that were declined and the reason for decline. Oversee length of stays in interim accommodation which is being developed in In-Phase. Oversee rent collection activities. Monitor SLA agreement KPIs.</p>					<p>Move away from Spreadsheets for accommodation casework and adopt Back Office</p> <ul style="list-style-type: none"> Migration over to the Back Office system for management of all forms of homeless accommodation to be completed end March 2024 To complete training for all staff working on Back Office functionality for Temporary Accommodation staff once system implemented end of March 2024. Performance Management dashboard scoped out and once functionality of Back Office complete dashboard data will be live end March 2024. <p>Review reasons for refusal of permanent accommodation and develop process to manage “unreasonable refusals”.</p> <ul style="list-style-type: none"> Suitability Checklist now in place along with Direct Lets Nomination Form and shared with Audit Team 17/01/2024 for review. Clear process for Homeless Direct Lets now in place with dedicated officer leading the matching process and shared with Audit Team 17/01/2024 for review. Nominations report and suitability assessment requiring management sign off in place and process documented and shared with Audit Team 17/01/2024 for review. <p>Develop Policy for Income Management relating to the Temporary Accommodation Portfolio to include:</p> <ul style="list-style-type: none"> Rent Collection Service Charge Collection Arrears management Income Maximisation and Support Arrears Write Off <ul style="list-style-type: none"> Homeless Accommodation Policy complete with sections on Income Management activity to enable one Policy for all aspects of Homeless Accommodation Management and shared with Audit Team 17/01/2024 for review.
S&T	21/22 Highways Structures - Part	3423	1. Define and implement process to regularly reconcile	H	31-May-23	31-Mar-24	31-Jan-24	Update meeting with LS and IB. awaiting IT for full implementation of AMX mobile facility, Has been

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
	2 Inspection & Preventative Maintenance - COMPLETE NE SS & ACCURACY OF AMX - Part 1		<p>ins/outs will be.</p> <p>2. Prioritise on basis of risk to assess whether FCC is liable for unconfirmed assets. Update in AMX</p> <p>3. 3.Introduce use of mobile app so AMX can be updated in real time by inspectors</p> <p>4. Ensure AMX data is the only basis for reporting / measuring performance for regular reporting to HAMP (see actions on defining performance indicators, risk management and reporting)</p>					escalated to BW. Extend due date to 31/03/24
S&T	22/23 Statutory Obligation for School Transport - Identify, analyse, monitor and report against statutory and non-statutory transport spend	3538	It is agreed that costs for statutory / non-statutory transport should be specifically identified, analysed and reported. An exercise will be undertaken with Audit assistance to identify spend across 2022/23 on statutory and non-statutory transport. A process will be put in place to produce this information on a full termly basis. However, Welsh Government is currently reviewing the Learner Travel Measure, which is likely to impact the eligibility criteria for statutory / non-statutory spend, and data to support analysis is held across the ONE system, Finance and the Integrated Transport Unit and the exercise may be resource heavy, hence the December 2023 implementation date.	H	01-Dec-23	31-Jan-24	6-Nov-2023	Following this audit, Streetscene and Transportation requested an additional consultancy review be undertaken by Internal Audit on the identification of Statutory and Non Statutory Transport costs. This review is nearing completion.

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
S&T	21/22 Highways Structures - Part 2 Inspection & Preventative Maintenance - KEY PERFORMANCE INDICATORS	3445	<p>1. Schedule meeting with AMX to define standard /bespoke KPI reporting available to cover scheduled inspections / completions, asset condition / repair work.</p> <p>2. Produce reports from AMX as basis for all reporting – HAMP, monthly risk and programme Board. Ensure all in team are able to run these reports/datasets.</p>	H	31-May-23	31-Mar-24	19-Oct-23	AMX extracts are Management information has yet to be translated into performance indicators / thresholds for risk assessment. targets need to reflect the level of resource available and what risks need to be tolerated / where escalation is needed. Needs to be aligned to the policy - implementation for this will be March 2024

Appendix H

High Priority Action(s) with a Revised Due Date Six Months Beyond Original Due Date and Not Overdue

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
H&C	21/22 Maes Gwern Contractual Arrangement- Overage sum calculation not being monitored as per the development agreement	3140	A process to be introduced to monitor the overage sum in line with the agreed calculation stated in the overarching agreement.	H	29-Oct-21	10-May-24	11-Feb-24	Meeting to be held with Wates on 11/3/24 to agree data. Advised will be in a position to resolve within 2 months.
H&C	Homelessness & Temporary Accommodation 21/22- Processes are not adequate to deal with increase in demand.	3237	<p>The response will be delivered in 3 stages – immediate, medium and longer term. All actions are assigned to the Service manager to be delegated across team.</p> <p>Short term (March 2022) SLAs to be introduced between all areas which have a direct impact in service delivery. Including Responsive repairs through FCC, Void Property Turnaround, Cleaning Contracts, Fire Safety Regime A process to be defined to deal with refused offers of permanent accommodation. A process to be defined to review lease agreements prior to their renewal/expiration date. A process for take on of new properties into the Temporary Accommodation portfolio.</p> <p>Medium term (June 2022) Rental Charge Policy to be define to oversee rent income, arrears and write off. Review the performance information needed for management oversight</p>	H	31-Mar-23	30-Jun-24	21-Jan-24	<p>Further to the update provided to Governance and Audit Committee in November 2023, further progress is outlined below: Develop procedures for repairs and maintenance of Temporary Accommodation and ensure processes in place for:</p> <ul style="list-style-type: none"> ○ property inspections ○ repairs for service ○ repairs for landlords ○ health & safety compliance <ul style="list-style-type: none"> • Service Level Agreement for Voids Maintenance signed off 08/01/2024 and quarterly review meetings scheduled to monitor adherence and shared with Audit Team 17/01/2023 for review and testing. • Procedures and staff guidance notes in place and will be shared with Audit Team w/c 22/01/2024. <p>Develop procedures relating to Void Management for Temporary Accommodation including Service Level Agreement as required with:</p> <ul style="list-style-type: none"> ○ FCC Housing Assets Service ○ Cleaning contracts <ul style="list-style-type: none"> • Service Level Agreement for Voids Maintenance signed off 08/01/2024 and quarterly review meetings scheduled to monitor adherence and

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
			<p>when the Policy is in place.</p> <p>Longer term (March 2023) The full end to end temporary accommodation process to be mapped to assign roles and responsibilities, identify process delays and inefficiencies as well as document controls.</p>					<p>shared with Audit Team 17/01/2023 for review.</p> <ul style="list-style-type: none"> • Procedures and staff guidance notes in place and will be shared with Audit w/c 22/01/2024. • Opportunities to engage Newydd as Cleaning Contractor being explored in response to challenges with current provider. <p>Develop procedures relating to Repairs for Temporary Accommodation including Service Level Agreement as required with:</p> <ul style="list-style-type: none"> ○ FCC Housing Assets Service ○ Cleaning contracts ○ Fire Safety Services ○ Leased Landlords <ul style="list-style-type: none"> • Service Level Agreement for Responsive Repairs now complete and signed off 08/01/2024 and quarterly review meetings scheduled to monitor adherence shared with Audit Team 17/01/2024 for review. • Procedures and staff guidance notes in place and will be shared with Audit w/c 22/01/2024. <p>Review reasons for refusal of permanent accommodation and develop process to manage 'unreasonable refusals'</p> <ul style="list-style-type: none"> • Suitability Checklist now in place along with Direct Lets Nomination Form and shared with Audit Team 17/01/2024 for review. • Clear process for Homeless Direct Lets now in place with dedicated officer leading the matching process and shared with Audit Team 17/01/2024 for review. • Nominations report and suitability assessment requiring management sign off in place and process documented and shared with Audit Team 17/01/2024 for review. <p>Develop clear processes for Renewal and Review of Leases for the Temporary Accommodation portfolio.</p> <ul style="list-style-type: none"> • Process for Renewal of Leases documented and

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
								<p>being applied and documents shared with Audit Team 17/01/2024 for review.</p> <p>Review arrangements for “Take On” of FCC and Housing Partners properties for use as Temporary Accommodation through a Memorandum of Understanding or Management Agreement.</p> <ul style="list-style-type: none"> • Memorandum of Understanding for HRA used as Temporary Accommodation to be signed off w.c. 29/01/2024 • Discussions with a Housing Partner underway for take on of 10 additional properties for use as Homeless Accommodation and Memorandum of Understanding to signed off if lease offer accepted by 31st March 2024. <p>Develop Policy for Income Management relating to the Temporary Accommodation Portfolio to include:</p> <ul style="list-style-type: none"> ○ Rent Collection ○ Service Charge Collection ○ Arrears management ○ Income Maximisation and Support ○ Arrears Write Off <ul style="list-style-type: none"> • Homeless Accommodation Policy complete with sections on Income Management activity to enable one Policy for all aspects of Homeless Accommodation Management and shared with Audit Team 17/01/2024 for review. <p>Develop “Homeless Accommodation – Temporary and Emergency Policy” for the Homeless Service</p> <ul style="list-style-type: none"> • Homeless Accommodation Policy complete and shared with Audit Team 17/01/2024 for review. • Changes in process to respond to the Renting Homes Wales Act 2016 already adopted June 2023 for all aspects of Homeless Accommodation Management and shared with Audit Team 17/01/2024 for review. <p>Complete full “end to end temporary</p>

Portfolio	Audit	Ref:	Action	Priority	Original Action Due Date	Revised Due Date	Date of Last Update Provided by Service	Reason for Revised Due Date and Current Status
								<p>accommodation process mapping” to assign roles and responsibilities, identify process delays and inefficiencies as well as document controls.</p> <ul style="list-style-type: none"> To be completed in when all back office system functionality in place. To be completed by end June 2024.

Investigation Update

Appendix I

Ref	Date Referred	Investigation Details
1. New Referrals		
1.1		Nil new referral received
2. Reported to Previous Committees and still being Investigated		
2.1		No ongoing investigations
3. Investigation Completed		
3.1	N/A	

Internal Audit Performance Indicators

Appendix J

Performance Measure	22/23	Qtr1	Qtr2	Qtr 3	Qtr 4	Target	RAG Rating	
Audits completed within planned time	82%	80%	83%	50%	100%	80%	G	↑
Average number of days from end of fieldwork to debrief meeting	18	18	14	16	27	20	R	↓
Average number of days from debrief meeting to the issue of draft report	2	5	1	8	0	5	G	↑
Days for departments to return draft reports	8	12	13	6	3	7	G	↔
Average number of days from response to issue of final report	1	1	2	1	1	2	G	↔
Total days from end of fieldwork to issue of final report	24	26	26	30	30	34	G	↔
Productive audit days	86%	74%	82%	76%	79%	75%	G	↔
Client questionnaires responses as satisfied	100%	100%	100%	100%	100%	95%	G	↔
Return of Client Satisfaction Questionnaires to date	76%	67%	50%	59%	50%	80%	R	↔

Key

R	Target Not Achieved	A	With in 20% of Target	G	Target Achieved
↑	Improving Trend	↔	No Change	↓	Worsening Trend

Audit – 2023/24	Priority	Status of Work	Supporting Narrative
Corporate			
Strategic Core Funding (22/23)	H	Complete	
Management of Leisure Assets	H	In Progress	Draft Report Issued to Management
Integrated Impact Assessment	H	Complete	
Cyclical Property Valuations	M	Defer	Defer due to lack of resource
Education & Youth			
Schools Risk Based Thematic Reviews (Two schools) (22/23)			'Action Short of Strike'
Youth Justice Service	H	Complete	
School Risk Based Thematic Reviews – Ysgol Treffynnon, Holywell	Annual	In Progress	Draft Report Issued to Management
School Risk Based Thematic Reviews – Connah's Quay High	Annual	In Progress	Draft Report Issued to Management
School Risk Based Thematic Reviews – Ysgol Maes Hyfred	Annual	In Progress	Draft Report Issued to Management
School Risk Based Thematic Reviews – Ysgol Pen Coch	Annual	In Progress	Draft Report Issued to Management
Fixed term and permanent exclusions (provisional)	M	Defer	Defer due to lack of resource
Governance			
Cyber Security & Data Security	H	In Progress	
Protection against Ransomware Attacks (external)	H	Defer	Will be picked up by Salford in 24/25
Declarations of Interest	H	Complete	
Risk Management	H	Defer	Defer due to lack of resource
Procurement - management of joint service with DCC	M	Defer	Defer due to lack of resource
Deferred charges on properties	M	Combined	Combined with Management of Residential Care Liabilities
Data Protection (cross cutting)	M	Defer	Defer due to lack of resource
Review of Risk Registers and Risk Modules	New	Complete	
Housing & Assets			
Landlord Health & Safety (Fire)	H	Complete	
Tenancy Enforcement / Support	H	In Progress	
Performance & Management Information (Voids)	H	In Progress	
Maes Gwern Follow Up	H	Defer	Defer due to lack of resource
Temporary Accommodation Follow Up	H	Defer	Defer due to lack of resource
Housing Benefit (including Subsidy Grant)	Biennial	In Progress	
Lease / Contractual Arrangements	New	Complete	
Supporting People Grant	Grant	Complete	

Audit – 2023/24	Priority	Status of Work	Supporting Narrative
People & Resources			
Main Accounting – General Ledger (22/23)	Annual	Complete	
Housing Revenue Account - HRA	H	Complete	
Corporate Grants (replacement of AW work)	Annual	Complete	
Main Accounting – Accounts payable (AP) & P2P	Biennial	Complete	
Treasury Management	M	Defer	Defer due to lack of resource
Corporate Credit card / Procurement Card	M	Complete	
Compliance with pay policies / Application of Additional Pay Policy	H	Complete	
Pay Modelling	H	Ongoing	
Challenge review of In Year Overspends	New	Complete	
Disclosure and Barring Service (DBS) Renewal	M	Complete	
Planning, Environment & Economy			
Climate Change & Environmental Sustainability (Cross Cutting) (22/23)		In Progress	Draft Report Issued to Management
Income - Fees & Charges	H	In Progress	
Planning – Prioritisation & Activities (including Enforcement)	H	In Progress	
Licencing & Permits	M	Complete	
Section 106 Agreements	M	Defer	Deferred until 2025/26 following audit planning process
Social Services			
Management of Residential Care Liabilities	H	Complete	
Consultancy Support - Voice of One Child	H	Defer	Deferred until 2025/26 following audit planning process
Deprivation of Liberty Safeguards (DoLS)	H	In Progress	
In House Children's Home - Ty Nyth	H	Defer	Deferred until 2024/25 following audit planning process
Streetscene & Transportation			
Statutory Transport Obligations – Cost Dataset	New	In Progress	Requested by the service following the audit of TSO
Recycling Targets	H	In Progress	Draft Report Issued to Management
Review of Technical & Performance Team	H	In Progress	
H&S Service Delivery	M	In Progress	Draft Report Issued to Management
Fleet contract extension action plan	New	Complete	Requested following Council Meeting
Assets Infrastructure (CiPFA Code)	M	No longer relevant	No longer relevant
External			
Clwyd Pension Fund – Investment, Management and Accounting (Risk Registers)		Complete	
SLA - Aura - 10 days per annum	Annual	In Progress	

Audit – 2023/24	Priority	Status of Work	Supporting Narrative
SLA - NEWydd - 10 days per annum	Annual	In Progress	
Welsh Chief Auditors Group – End of Year Accounts Audit	New	Complete	

Glossary

Risk Based Audits	Work based on strategic and operational risks identified by the organisation in the Improvement Plan and Service Plans. Risks are linked to the organisation's objectives and represent the possibility that the objectives will not be achieved.
Annual (System Based) Audits	Work in which every aspect and stage of the audited subject is considered, within the agreed scope of the audit. It includes review of both the design and operation of controls.
Advice & Consultancy	Participation in various projects and developments in order to ensure that controls are in place.
VFM (Value For Money)	Audits examining the efficiency, effectiveness and economy of the area under review.
Follow Up	Audits to follow up actions from previous reviews.
New to Plan	Audits added to the plan at the request of management. All new audits to the plan are highlighted in red.
Audits to be Combined	Audits to be combined once detailed scope established. All combined audits are highlighted in purple within the plan.
Audits to be Deferred	Medium priority audits deferred. These audits are highlighted in green within the plan.