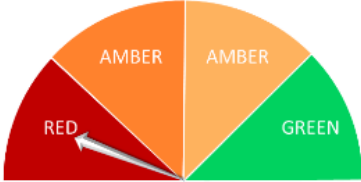


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Assurance Opinion:	Number of Actions		Risks Reviewed as Identified in Scope
 <p>Limited Assurance – Urgent process revision required (one of more of the following)</p> <ul style="list-style-type: none"> • Key controls are absent or rarely applied • 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>	Priority	Number	<p>Risk 1: Management information is not available, analysed, or timely to assist with recovery activities and mitigate the risk of FCC not being able to recover its costs.</p> <p>Risk 2: Designated process to monitor and recover care costs has not been defined, is not adequate or being adhered to.</p> <p>Risk 3: The charge placed against properties is not of sufficient priority and does not stand up against challenge.</p>
	High (Red)	5	
	Medium (Amber)	3	
	Low (Green)	0	
	Total	8	

Audit Background

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.

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

Findings and Implications	Agreed Action	Who	When
<p>1R Management Dataset - Overall reliability / housekeeping (URN 3552)</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. 	<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</p>	<p>Jane Davies</p>	<p>31 May 2024</p>

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Findings and Implications	Agreed Action	Who	When
<ul style="list-style-type: none"> • 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. • 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>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 24 and will support with provision of data and the monitoring of deferred payment processes.</p>		

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Findings and Implications	Agreed Action	Who	When
<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. • 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. 	<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 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>	<p>Jane Davies</p>	<p>30 Nov 2024</p>

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Findings and Implications	Agreed Action	Who	When
<ul style="list-style-type: none"> • 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 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>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</p>	Jane Davies	30 Nov 2024

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Findings and Implications	Agreed Action	Who	When
<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> 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 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> 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.</p>	<p>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>		

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Findings and Implications	Agreed Action	Who	When
<p>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 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>			

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Findings and Implications	Agreed Action	Who	When
<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>	<p>Jane Davies</p>	<p>30 Nov 2024</p>

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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>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>	Jane Davies	30 Nov 2024

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Findings and Implications	Agreed Action	Who	When
<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 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). 	<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>Define the appropriate debt recovery process as part of the policy review.</p>		

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Findings and Implications	Agreed Action	Who	When
<ul style="list-style-type: none"> • A reconciliation does not take place between the datasets. We have not been able to resolve 4 service users (SS12830A/ST00403A/ST00995A/ST01083A & T00998A). • 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 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</p>			

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Findings and Implications	Agreed Action	Who	When
<p>is a risk as these debts are significant, any write off will have an impact on the FCC's bad debt provision.</p>			
<p>6(A) Effectiveness of legal charge (URN 3553)</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>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>	Jane Davies	30 Nov 2024

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Findings and Implications	Agreed Action	Who	When
<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>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) Annual / Bi-annual property statement (URN 3557)</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</p>	<p>A six-monthly written update of the amount of care costs deferred inclusive of interest and administrations costs will</p>	<p>Jane Davies</p>	<p>31 Dec 2023</p>

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Findings and Implications	Agreed Action	Who	When
<p>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 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>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>		
<p>8(A) MANAGEMENT REQUEST – Historic Case studies (URN 3550)</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. 	<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>	Jane Davies	31 May 2024

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Findings and Implications	Agreed Action	Who	When
<ul style="list-style-type: none"> 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 were insufficient to protect Flintshire's interest and recover the debt. 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>	<p>These audits will include debt recovery assurance, compliance with legal process and delivery of management information.</p>		

Appendix

TABLE 1 – INTERNAL AUDIT RISK PROFILE
TABLE 2 – PAYMENTS MADE VIA CIS 25/5/23
TABLE 3 – RISK TO RECOVERY

Distribution List

Jane Davies	Accountable Officer Responsible for the Implementation of Agreed Actions
Neil Ayling	Chief Officer- Social Services
Jane Davies	Senior Manager Safeguarding and Commissioning
Sally Swarbrick	Business Manager

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Distribution List	
Claire Morris	Financial Assessments Team Leader
FOR INFORMATION	
Neal Cockerton	Chief Executive
Gareth Owens	Chief Officer - Governance
David Barnes	Revenues and Procurement Manager
Matthew Powell	Manager – Legal Services

Audit Priority:

Appendix A

Priority of Audit Finding	
Priority	Description
High (Red)	Action is imperative to ensure that the objectives of the area under review are met
Medium (Amber)	Requires action to avoid exposure to significant risks in achieving the objectives of the area
Low (Green)	Action encouraged to enhance control or improve operational efficiency

Audit Opinion:

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 **Some** or **Limited** assurance audits will be reported to the Audit Committee.

Assurance	Explanation
Green - Substantial	<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>
Amber Green – Reasonable	<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>
Amber Red – Some	<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>
Red – Limited	<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>

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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 	<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

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				<ul style="list-style-type: none"> legal charge RISK MANAGEMENT & MGMT DECISION RE CONTINUED PAYMENT Eventually Flintshire secures DPA with family / personal rep & more effective legal charge raised 	<p>CONTINUED PAYMENT</p> <ul style="list-style-type: none"> Eventually Flintshire secures PoA, DPA in 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 	
				<p>Risk is that once circumstances warrant (sale / death) debt pursuance and recovery is insufficient</p> <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 	

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TABLE 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 PD (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

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TABLE 2.3 – RECOVERABLE CLIENT NUMBERS	
RECOVERABLE = ON PDS	£ 39,134.38
NURSING LONG TERM	£ 11,353.76
C00459A	£ 1,820.46
P00817A	£ 1,876.82
S14026A	£ 1,804.78
S28040A	£ 798.94
T00315A	£ 1,662.04
T00675A	£ 1,758.06
T01414A	£ 1,632.66
RESIDENTIAL-L TERM	£ 27,780.62
C00081A	£ 665.04
C00734A	£ 1,221.44
C00971A	£ 904.36
P00448A	£ 811.98
P02557A	£ 974.06
S04254A	£ 683.98
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

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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

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TABLE 3 – RISK TO RECOVERY

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					1
SS20412A	28/02/2013	30/06/2022	£359.43	no			1		
SS22438A	28/05/2013	17/09/2013	£34,914.20	no					1
SA23047B	25/07/2015	15/03/2017	£34,568.21	no					1
FD534056 & SS12830A	04/04/2017	14/11/2019	£28,047.86	no				1	
SS09665A	25/07/2018	04/02/2018	£3,458.05	not really			1		
SP02185A	29/03/2019	NOT ON LTD	£ -	no					1
SS05743B	10/09/2019	31/03/2022	£1,478.03	no		1			
SP01554A	17/03/2020	28/05/2021	£936.05	no			1		
SP01179A	19/01/2021	10/03/2021	£21,100.00	no					1
SP02679A	18/06/2021	30/07/2021	£16,230.68	no			1		
SC00329A	07/01/2022	03/02/2022	£46,163.89	CONFIRMED	1				
ST00472A	17/04/2022	18/05/2022	£1,402.04	no			1		
SS18639A	24/07/2022	05/08/2022	£4,913.32	no		1			
SP01903A	09/10/2022	14/10/2022	£76,727.29	CONFIRMED	1				
ST00810A	11/12/2022	18/05/2022	£20,302.50	no	1				
		18/05/2022	£20,086.87	no	1				
SA19699B	NO	06/11/2018	£4,478.06	not really					1
SC00081A	NO	17/03/2022	£13,865.14	no			1		
SD25317A	NO	31/03/2022	£9,577.22	no		1			
SP00448A	NO	31/03/2022	£13,914.49	no	1				
SP01418A	NO	31/03/2016	£8,729.32	no			1		
SP01434A	NO	21/04/2021	£5,821.39	not really					1
		23/06/2022	£28,138.16	not really					1

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SP01474A	NO	31/03/2022	£26,134.48	not really			1		
SP01519A	NO	30/06/2022	£19,353.07	no			1		
SS00974A	NO	30/03/2022	£36,412.95	not really	1				
SS08410B	NO	21/04/2022	£13,693.96	no	1				
SS08762A	NO	09/03/2015	£9,496.06	not really					1
SS13851A	NO	31/03/2022	£18,358.14	no		1			
SS21032A	NO	22/09/2021	£17,753.40	not really					1
SS27903A	NO	31/03/2022	£18,879.05	no			1		
SS28040A	NO	31/03/2022	£47,518.74	no					1
SS28237A	NO	24/03/2021	£22,603.88	no			1		
ST00252A	NO	31/03/2022	£12,910.39	no			1		
ST00360A	NO	31/03/2022	£14,589.02	no					1
ST00367A	NO	31/03/2022	£23,326.14	not really					1
ST00403A	NO	30/06/2022	£44,545.07	no					1
ST00433A	NO	17/03/2022	£20,816.92	no	1				
ST00487A	NO	17/08/2022	£5,620.50	not really					1
ST00567A	NO	31/03/2022	£13,173.42	CONFIRMED	1				
ST00675A	NO	17/03/2022	£15,760.50	no			1		
ST00710A	NO	18/05/2022	£19,135.02	no					1
ST00731A	NO	31/03/2022	£13,636.52	no	1				
ST00995A	NO	NOT ON LTD	£ -	no					1
ST01083A	NO	14/07/2022	£4,225.78	no					1
		23/03/2022	£9,475.41	no					1
T00998A	NO	NOT ON LTD	£ -	no					1
	Grand Total		£837,884.68						