



Comhairle nan Eilean Siar
Internal Audit Review
FINANCIAL ASSESSMENTS
Final Report –2024/25 -21

13 December 2024

**COMHAIRLE NAN EILEAN SIAR
INTERNAL AUDIT FINAL REPORT
FINANCIAL ASSESSMENTS**

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Date of Visit	5 November 2024
Draft Report Issued	6 December 2024
Management Response Received	12 December 2024
Final Report Issued	13 December 2024

Issued to:	
Chief Executive	Malcolm Burr
Head of Accountancy and Exchequer Services	Norman Macdonald
Revenues and Benefits Manager	Jennifer Macleod
Chief Internal Auditor	Sandy Gomez
External Audit	Martin Devenny

SECTION 1: EXECUTIVE SUMMARY

Introduction

1.1 The Report has been prepared following an internal audit review of Financial Assessments as part of the operational annual internal audit plan for 2024/25. The purpose of the Report is to provide an overview of the Comhairle's arrangements for the operation and management of Financial Assessments. The scope of the audit included a review of the following objectives:

- The Comhairle have an approved policy which takes cognisance of statutory guidance to charging for residential care;
- Levels of financial contributions and scale charges have been approved by the Council and are published on the Comhairle website;
- Meetings are held with clients awaiting a place in residential care homes to fully explain the possibility of care charges that they may potentially have to pay;
- Assessment forms are fully completed and all the required information for making decisions are provided timeously to the section;
- All residents who are assessed as paying for residential care are provided with an assessment determination as to how the contribution to care charges has been determined;
- All income received is recorded and reconciled on a monthly basis;
- The Comhairle obtains any unpaid charges for residential care upon death or realisation of the resident's assets;
- That there are operation guidance procedures in place to support the performance of financial assessments;
- Where there are identified cases of asset deprivation this is investigated;
- Personal and sensitive data is maintained and held securely in accordance with GDPR requirements; and
- Adequate procedures are in place following the cyber-attack to minimise future risks.

Background Information

1.2 The Comhairle undertakes financial assessments of clients who require residential care. Those clients who do not have sufficient assets, income or savings will receive funded care paid for by the local authority, although the client will contribute from state pension benefits. Those clients who do have sufficient assets, income or savings will have to pay for their care subject to allowable disregards of personal funds. The current maximum rate for Comhairle provided residential care is £1,912 per week.

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Financial Assessments can be complicated and protracted depending on a number of scenarios, i.e., property, savings over threshold, regular income and whether the service user has mental capacity in making decisions regarding their care.

There are currently 192 service users residing in Comhairle and independent private care homes.

To date for 2024/25, 132 financial assessments have been undertaken for service users. This includes deceased, new assessments and annual bills.

It should be noted that our findings and conclusions are based on the information made available to us at the time of our review. There are current limitations in place as a result of a cyber-attack on 7 November 2023. This is likely to have limited our access to documentation prior to this date which requires to be acknowledged when considering the contents of the Report.

Concluding Remarks

1.3 The main recommendations are contained in the body of the report. We would point out that the most significant issues arising from our review which require management attention and prioritised once the systems have been tested are:

- The national settlement figures not being provided at the beginning of the 2024/25 year and further delays by the care homes in reaching a settlement figure resulting in the lateness of invoices being prepared and sent out to the independent care home service users. (High 1)

Areas of Good Practice

- Staff to be commended on how the assessment and billing processes have continued to reasonably ensure that invoices and payments are being managed; and
- Staff identifying where deprivation of assets has occurred and steps taken to address and bring back into calculation for care charges.

The recommendations and concluding remarks are not a reflection of the working practices of the Financial Assessments team but of the unfortunate events from the cyber attack that have hampered the operational tasks.

SECTION 2: RECOMMENDATIONS AND AUDIT OPINION

2.1 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur.

The following table contains the definitions applied by Internal Audit in rating audit findings/actions and the number of recommendations in each rating.

Definition of recommendation	Grade	No.
Major weaknesses that could have a significant impact on the Comhairle if not addressed and contained urgently.	High	1
Important issues relating to controls being absent, not operating as expected or could be improved.	Medium	
The weakness is unlikely to have a material impact on the Comhairle. These are not critical but management should address.	Low	1

Where we have identified isolated exceptions in our sample testing, and we consider that they are unlikely to recur; and would have no significant impact if they should occur;

We have classified them as minor or trivial, discussed them with relevant officers and detailed them in Appendix C to the Report.

2.2 Based on the audit work carried out our overall opinion is that a reasonable level of assurance can be placed upon the control environment of the service/area under review.

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

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13 December 2024

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SECTION 3 – FINDINGS, RECOMMENDATIONS AND ACTION PLAN

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
High 1	<p>Financial Assessments are completed when a service user moves into a care home and these are updated annually with new rates applied as agreed by the Policy & Resources Committee.</p> <p>At the time of the review the rates offered to the independent care homes had not been accepted and still in negotiations. This has resulted in no invoices being raised for service users paying full costs.</p> <p>Meetings were being held with the Boards and management of the independent care homes and officers of the Comhairle but no agreement has been reached at the time of the visit. 18.11.24</p>				

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
High 1 cont.	<p>This has resulted in services users being admitted to these care homes unaware of the affordability of their care. Additionally there are service users who are now deceased and families have not been provided with an up-to-date bill.</p> <p>This will result in already overstretched staff having to make up these invoices eight months after the year end and requests for up-to-date information to be provided.</p> <p>We have been advised on 27.11.24 that the national settlement has been provided and one of the three care homes have now accepted the interim offer. The remaining two are still out for negotiation.</p>	<p>The Management of the independent care homes and senior officers of the Comhairle must come to an agreement on the amounts to be provided to the independent care homes to allow the processing of invoices and income generation.</p> <p>The billing of the invoices for the independent care homes to be reinstated as soon as is reasonably possible with the interim rate, given the time that has elapsed.</p>	<p>“The Health and Social Care Partnership have offered a rate of 10% uplift, and this exceeds the recently agreed national rate of 8.6%. One care home has accepted this rate as an interim rate. Given the pressures on the revenue and benefits team and to avoid financial assessments being done twice in the same period the assessments were suspended in anticipation that a final rate would be agreed. As this agreement process continues to be protracted it has been agreed to progress financial assessments for all independent home residents on the basis of the 10% uplift. Commissioning staff will be encouraging all the provider services to invoice at the interim rate to enable the rate to be paid.”</p>	<p>Head of Partnership Services</p> <p>Revenues and Benefits Manager</p>	<p>Ongoing</p> <p>Ongoing</p>

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
High 1 Cont.	<p>Where payments are being made the Financial Assessment team are able to update their spreadsheets through information from Debtors, however, this may not be complete as there will be unmatched amounts sitting in Suspense accounts that will need to be reconciled.</p> <p>We understand that the full picture of any debt will not be apparent until the end of the financial year and possibly even after the start of the financial year 2025/26.</p> <p>With the rollout of the Debtors system we have undertaken a sample of checks confirming that payments have been correctly accounted for and matched to the manual system and this is satisfactory.</p>				

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
High 1 Cont.	<p>The choice of paying by direct debit has not been available to new accounts since the cyber-attack.</p> <p>Existing accounts are paying by direct debit which have been rolled forward and have continued to be credited to the Comhairle accounts.</p> <p>We are advised by Debtors that the rebuild of setting up direct debits may take some time as there is a lot of background work to be done in the dealing with the all the other accounts paying by direct debit.</p> <p>We are advised that the direct debit method of payments will be available shortly.</p>				

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
Low 1	<p>Due to the cyber-attack there are no documented procedures in place for the administration of the financial assessments charging processes. Charging for residents is complex and requires up to date guidance on compliance and regulatory requirements.</p> <p>However this is a low risk as the Scottish Government 'Charging for Residential Accommodation Guidance' (CRAG) is in place and followed by staff for processing financial assessments.</p>	The Revenues & Benefits Manager considers redrafting procedures for the administration of Financial Assessments.	Agreed	Revenues and Benefits Manager	Ongoing

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GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
Low 1 Cont.	<p>The Comhairle booklet 'Cost of moving into a Care Home' was provided for clients and families to give an overview of the charges and other costs associated with moving into a care home.</p> <p>This has not been fully updated at the time of our review due to updated rates not having been agreed between private care homes and the Comhairle for 2024/25.</p> <p>This would, under normal circumstances have been updated and available on the Intranet and the web pages.</p>	<p>The Revenues and Benefits Manager updates the booklet when the information becomes available and upload to the Web pages.</p>	<p>Agreed</p>	<p>Revenues and Benefits Manager</p>	<p>Ongoing</p>

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT

Responsibility in Relation to Internal Controls

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

Responsibilities in Relation to Fraud and Corruption

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

DEFINITION OF AUDIT OPINIONS AND RATINGS

The standard definitions for internal audit assurance over an engagement are as follows:

Level of Assurance	Definition
Full Assurance	Internal control, governance and risk management are of a high standard. A sound system of control to achieve the system objectives exists and the controls are being consistently applied.
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS

ITEM	ISOLATED EXCEPTION	RESPONSIBLE OFFICER	AGREED Y/N	DATE OF DISCUSSION