

Bolsover, Chesterfield and North East Derbyshire District Councils'

Internal Audit Consortium

Internal Audit Report

Authority:	Chesterfield Borough Council
Subject:	Careline
Date of Issue:	25th May 2018
Assurance Level Provided:	Limited Assurance
Report Distribution:	Assistant Director Housing

INTERNAL AUDIT REPORT

HOUSING SERVICES

CARELINE

Introduction

An Internal Audit review of the procedures and controls operating within the Careline and Support Service facility has recently been undertaken.

Scope and Objectives

The purpose of the audit was to ensure that the key controls relating to the Careline service were operating effectively.

Areas reviewed included the following: -

- Fees and charges
- Installation and stock control
- Recharges to CBC tenants and private users
- Subsidy received from Derbyshire County Council
- Arrears / Recovery of debt
- Tendered Services
- Budgetary control
- Safeguarding and Information Assurance
- Complaints Procedure

Conclusion

The overall conclusion of the audit was that the reliability of the internal key controls operating within Careline and Support Service was assessed as **Limited** - (Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.). (See appendix 1).

Areas reviewed during the audit and other matters arising are detailed in the following report.

Findings and Recommendations

Previous Audit Recommendations

1. The previous audit of the Careline service was undertaken in 2012 and concentrated principally on the administration and reconciliation of the supporting people subsidy grant. This audit was classed as marginal. Five recommendations were made and agreed during the audit. From a review of the recommendations made it was established that the control weakness identified during the 2012 audit are still present. Recommendations have again been made as part of this to help strengthen controls.

Fees and Charges

2. Increases to fees and charges in respect of Careline were reported to Cabinet on 9th January 2018. It was recommended and agreed that a fee of £5.72 per week (monitor and response) and £8.22 per week (monitor and response and support service) be implemented with effect from 1st April 2018.

Installation Procedures and Stock Control

3. Current procedures for the installation of monitoring equipment were reviewed. It was confirmed that adequate controls in respect of recording new purchases of stock within the Jontek system and the allocation of equipment (serial numbers) to individual user accounts is occurring. A procurement exercise for the supply of monitoring equipment was undertaken via the NHS Procurement Unit and commenced in April 2017.
4. A report from the Jontek system detailing stock allocated to individual customers was examined. It was identified that stock item 014875 had been returned to stock on 20/06/2017. This item also appeared on the available stock list. Discussions with the Assistant Manager revealed that this item only has a life expectancy of 5 years so although being shown as available stock it has most likely been disposed of.
5. No specific stock takes to verify actual physical stock held against stock as per the Jontek system have been undertaken. It is anticipated by the Assistant Manager that when the department becomes fully staffed then a full stock audit will be completed.

Recommendations	
R1	A full stock reconciliation must be undertaken as soon as possible to ensure actual stock held agrees with stock levels recorded in the Jontek system. Annual stock takes should then be undertaken there after (Priority: Medium)

R2	Write offs of obsolete stock must be documented and approved by a Senior Officer prior to disposal (Priority: Medium)
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Recharges / Invoicing for service

6. Upon completion of an application form and signed agreement the Northgate rents system is the primary system used for the recharge of the Careline service (for both Council tenants and private clients).
7. A weekly service user amendments list is produced by the Admin Assistant to enable details of new users, ceased users and updates to the level of service. This is forwarded to the Rents section to enable the charging debits to be added or removed. The Agresso system is utilised to raise monthly invoices in respect of monitoring systems installed at Housing Associations.
8. It was established that no formal reconciliation of the number of weekly debits raised within Northgate to the number of users within the Jontek system is being undertaken. It is appreciated that due to the number of users fluctuating on a weekly basis a 100% accurate reconciliation would not be achievable.

Recommendation	
R3	A full reconciliation of the number of debits raised on the Northgate system to the number of clients held in the Jontek system should be undertaken as soon as possible. Additional reconciliations to ensure all private users (including private users in receipt of subsidy and Housing Association users) should also be completed to ensure that there is a debit being created for all users/categories within the service. Annual reconciliations should be undertaken thereafter (Priority: Medium)

Subsidy Received and Reconciliation Procedures

9. Monthly subsidy payments are received from Derbyshire County Council (Social Services) on a four weekly cycle.
10. An electronic remittance advice is produced by DCC and is forwarded to the Assistant Manager and Rents section. The remittance advice is copied into a spreadsheet by the Rents Administrator and is sorted into CBC tenants and non-CBC tenants. The spreadsheet is used to monitor the monthly 4 weekly charge against the monthly subsidy payments received. Any anomalies or variances are reported to the Admin Assistant at Careline to enable them to be queried with Supporting People (DCC).

11. From a review of the monitoring spreadsheet maintained by the Rents Section (CBC tenants only) it was established that the following subsidy payments due / received for 2017/18 were: -

Subsidy Due	£247,120.60
Subsidy Received	£253,022.83
Variance	+£5,902.23

12. Discussions with the Admin Assistant (Careline) revealed that the monthly subsidy remittance advice in respect of private customers is reviewed periodically with the Assistant Manager undertaking a full review and comparison to the Jontek system; however no comparison to Northgate to verify subsidy being posted is completed.
13. Audit testing of subsidy received/amounts charged in respect of a sample of DAST/Non DAST (Derbyshire Accommodation and Support Team) funded customer's was undertaken as part of this audit. For the sample reviewed and from a review of the period 13 DCC remittance advice a number of anomalies/queried were raised with the Admin Assistant: -

Query	Response
<u>A/c Ref 40177997</u> CBC currently receiving £34.00 per month in respect of subsidy; however Northgate a/c only being debited and credited with £2.58 on a weekly basis (should be £8.50)	Admin Assistant confirmed that the debit and credit being posted to Northgate was incorrect and that it would be amended to £8.50 per week.
<u>Turnbull Close</u> Subsidy of £10.32 per week being received, there is no account within the Northgate system.	Turnbull Close is a Housing Association and CBC receive subsidy for monitoring (the equipment installed does not belong to CBC). No accounts are raised in respect of this type of account. If no account debit is raised there is no system in place to monitor that subsidy is being received for Housing Association clients.
<u>A/c ref 40543362</u> CBC receiving £10.32 subsidy per month in respect of this customer; however no weekly debit on the Northgate system (Careline charge ceased on 03/01/2016). It was confirmed that the client is still receiving the Careline service.	Admin Assistant has now reinstated the account and added the charge and subsidy.

<u>A/c Ref 40168818</u>	
This client lives in a private dwelling and is entitled to subsidy (CBC are receiving subsidy for this Client form DCC); however the client is also making regular payments for this service. No subsidy payments have been allocated to this account.	Discussions with the Admin Assistant revealed that an error has occurred and subsidy was not added to this customers account. It has been calculated that an overpayment of £751.18 has been made by this customer and requires refunding.

14. The monitoring of subsidy payments received from DCC in respect of Housing Associations is undertaken by the Assistant Manager (cross check to Jontek system however no monthly debit is raised in respect of Housing Associations. Due to no debit being raised on a financial system for the charge of providing this service no formal reconciliation can be performed to verify the actual level of subsidy received to subsidy due.

Recommendations	
R4	A full review of the monthly subsidy remittance advice received from Derbyshire County Council should be undertaken periodically to ensure subsidy received is accurate and complete (Priority: Medium)
R5	To strengthen controls consideration be given to introducing a monitoring spreadsheet to ensure that where subsidy is due it is being received in respect of private customers and Northgate accounts updated to reflect subsidy received. (Priority: Medium)

Arrears / Recovery of Unpaid Invoices

15. Arrears are monitored by way of a report generated by the Northgate system. The Admin Assistant reviews the report on a weekly basis and pursues overdue/unpaid accounts by way of structured reminder letters (level 1 and level 2) and telephone calls.
16. An arrears reported generated as at 9th April 2018 detailed arrears of £75,928 however this amount is high due to the majority of customers paying by Direct Debit every 4 weeks and this report being at the end of the 4 week cycle. As Monday 14th May 2018 the level of arrears for non direct debit customers was calculated as £1,403.
17. For a sample of accounts with arrears greater than £100 recovery action was confirmed as being undertaken.
18. The largest arrears balance on an individual account was identified as being £207.80. Multiple letters and telephone calls have been made to

the customer and non-payment has resulted in the monitoring equipment being removed.

Recommendations	
R6	Any unrecoverable debts that require to be written off should be done in accordance with the Council's Constitution (Part 4 – Rules of Procedure) (Priority: Low)

Tendered Services

19. In 2011 Derbyshire County Council tendered and awarded contracts for the delivery of a Floating Visiting Support Service. Chesterfield Borough Council was awarded the contract for the Chesterfield area. In 2017 the area was extended to include North East Derbyshire as well as part of Amber Valley. This contract is currently in place until May 2018.
20. A fixed price of £34 is paid to CBC for attending a fall. This fixed price was set as part of the original tender process however no evidence of original contracts/agreements could be located during the audit to verify the rate as accurate.
21. A spreadsheet is maintained by the Admin Assistant for falls attended. The spreadsheet for the period of February 2018 was reviewed and it was verified that the correct amounts had been recharged to DCC in relation to the number of falls.

Recommendations	
R7	When the falls recovery service is next re-tendered and if CBC are the awarded the contract details of income received per fall should be retained to enable a verification of amounts recharged are accurate (Priority: Low)

Budget Performance

22. A review of income and expenditure for cost centre 0631 (Careline) was undertaken for the previous 3 financial years. No significant variances to budget were identified however employee expenses for 2017/18 were £40,000 overspent. This was due to overtime expenses and the requirement to cover shift rota's whilst the recruitment process to fully staff the service was being undertaken.

Disaster Recovery

23. It was established that satisfactory and robust procedures are in place in the event of loss of power / data loss and the service could continue to operate should this occur. IT systems are restricted by individual user name and password and access to certain elements to the Jontek system are restricted by role for example; operatives/managers.

Mandatory Training

24. The completion of mandatory training in respect of Safeguarding and Information Assurance for Careline employees was reviewed. From a review of training records held on the Aspire Learning system it was established that as at 08/05/2018 some employees had not fully completed the mandatory training.

- 5/29 (17%) had not completed Safeguarding
- 6/29 (20) had not completed Information Assurance

Recommendations	
R8	It must be ensured that all Careline employees completed the mandatory training in respect of Safeguarding and Information Assurance as soon as possibly (Priority: High)

Complaints

25. It was confirmed that the Careline service follow the Corporate complaints, comments and compliments procedure. As part of the welcome pack issued to new customer a blank 3 c's form is included.
26. The Assistant Manager confirmed that any complaints logged on the 3c's system that are allocated to Careline are reviewed and if required appropriate action taken.

Acknowledgement

27. The auditor would like to thank the Careline staff for their helpful assistance during the audit.

Appendix 1

Internal Audit Consortium Opinion Definitions

Assurance Level	Definition
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.

Internal Audit Report – Implementation Schedule

Report Title:	Careline	Report Date:	25 th May 2018
		Response Due By Date:	15 th June 2018

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
R1	A full stock reconciliation must be undertaken as soon as possible to ensure actual stock held agrees with stock levels recorded in the Jontek system. Annual stock takes should then be undertaken there after	M	<input checked="" type="checkbox"/>	Cathy Browne	Dec 18			<ul style="list-style-type: none"> A full review of stock control was being undertaken prior to the Audit, and a Working Group set up to review stock control procedures (which will form part of application for TSA Quality Standards Framework accreditation); Staff training to be set up for revised procedures. Working with Jontek to remove deleted stock from the system, and Jontek will be on site w/c 18/06/2018.
R2	Write offs of obsolete stock must be documented and approved by a Senior Officer prior to disposal	M	<input checked="" type="checkbox"/>	Cathy Browne	June 18			<ul style="list-style-type: none"> Procedure has been revised since the Audit; New form set up 04/06/2018 to document and approve disposal of equipment (to be completed monthly); Staff training to be carried out at next team meeting in July 2018.
R3	A full reconciliation of the number of debits raised on the Northgate system to the number of clients held in the Jontek system should be undertaken as soon as possible. Additional reconciliations to ensure all private users (including private users in	M	<input checked="" type="checkbox"/>	Cathy Browne	Sept 18			<ul style="list-style-type: none"> A reconciliation exercise was being carried out at the time of the Audit; Initial reconciliation has been completed; A secondary reconciliation check will be carried out

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
	receipt of subsidy and Housing Association users) should also be completed to ensure that there is a debit being created for all users/categories within the service. Annual reconciliations should be undertaken thereafter							<p>during September 2018 to check that any identified issues have been rectified correctly;</p> <ul style="list-style-type: none"> Annual reconciliation to be carried out from 2019.
R4	A full review of the monthly subsidy remittance advice received from Derbyshire County Council should be undertaken periodically to ensure subsidy received is accurate and complete	M	<input checked="" type="checkbox"/>	Cathy Browne	Sept 18			<ul style="list-style-type: none"> Revenues Section currently has a process for checking, but not previously been shared with Careline: meeting to be set up to discuss sharing information; Procedure was in place at the time of the audit within Careline for cross checking remittance schedule against Jontek records; Admin Assistant reviewed procedure for cross checking DCC updates of the remittance schedule, and revised process implemented June 2018.
R5	To strengthen controls consideration be given to introducing a monitoring spreadsheet to ensure that where subsidy is due it is being received in respect of private customers	M	<input checked="" type="checkbox"/>	Cathy Browne	Sept 18			<ul style="list-style-type: none"> To set up a separate monitoring record for non-CBC tenants living in Chesterfield in receipt of DCC funded services (for clients living in Amber Valley borough, see R4).
R6	Any unrecoverable debts that require to be written off should be done in accordance with the Council's Constitution (Part 4 – Rules of Procedure)	L	<input checked="" type="checkbox"/>	Martyn Hudson	Sept 18			<ul style="list-style-type: none"> Current procedure relating to debt recovery for Careline/Support clients to be reviewed, and direct reference made to the

Recommendations		Priority (High, Medium, Low)	Agreed	To be Implemented By:		Disagreed	Further Discussion Required	Comments
				Officer	Date			
								writing-off of unrecoverable debts.
R7	When the falls recovery service is next re-tendered and if CBC are the awarded the contract details of income received per fall should be retained to enable a verification of amounts recharged are accurate	L	<input checked="" type="checkbox"/>	Martyn Hudson	April 2020			<ul style="list-style-type: none"> Whilst DCC has indicated that a re-procurement exercise will be carried out during 2018/19, this now appears unlikely due to timescales, 2019/20 would seem to be more realistic; Written documentation to be requested from DCC outlining the funding figures relating to the falls recovery service.
R8	It must be ensured that all Careline employees completed the mandatory training in respect of Safeguarding and Information Assurance as soon as possibly	H	<input checked="" type="checkbox"/>	Martyn Hudson	June 18			<ul style="list-style-type: none"> 1 Careline Officer currently completing safeguarding training; 4 Careline Officers currently working through Info Assurance training; Above staff have been given until 17 June, 2018 to complete this training; All other Careline staff have completed this training.

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:		Date:	
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