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# NORTH AYRSHIRE COUNCIL

16 November 2021

## Audit and Scrutiny Committee

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<b>Title:</b>	<b>Internal Audit Reports issued</b>
<b>Purpose:</b>	To inform the Committee of the findings of Internal Audit work completed during September and October 2021.
<b>Recommendation:</b>	That the Committee considers the outcomes from the Internal Audit work completed.

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### 1. Executive Summary

- 1.1 The Council's local Code of Corporate Governance requires effective arrangements to be put in place for the objective review of risk management and internal control. Internal Audit is an important element in this framework as it reviews internal controls and offers Elected Members and officers an objective and independent appraisal of how effectively resources are being managed.
- 1.2 The remit of the Audit and Scrutiny Committee includes the monitoring of Internal Audit activity. The submission and consideration of regular reports assists the Committee in fulfilling this remit.

### 2. Background

- 2.1 This report provides information on Internal Audit work completed during September and October 2021. An internal control review has been completed in respect of the area detailed in Appendix 1 to this report. The aim of the review is to provide assurance that the internal control framework within the area examined is appropriate and operating effectively.
- 2.2 The findings from the audit assignment have been notified in writing to the Chief Executive, the Section 95 Officer and the relevant Executive Director and Head of Service on the completion of the assignment. This has also included an action plan with recommendations for improving internal control. Appendix 1 includes the report and action plan from the audit assignment issued during the period.
- 2.3 The findings relate to a review of Community Alarms, with an assurance level of 'Substantial'. The key finding relates to some minor errors identified in invoices and credit notes during audit testing. Areas for improvement had already been identified in the Service who are working with the Business Improvement Team to improve the efficiency of processes and to minimise the risk of error.

### **3. Proposals**

- 3.1 It is proposed that the Committee considers the outcomes from the Internal Audit work completed during September and October 2021.

### **4. Implications/Socio-economic Duty**

#### **Financial**

- 4.1 None.

#### **Human Resources**

- 4.2 None.

#### **Legal**

- 4.3 None.

#### **Equality/Socio-economic**

- 4.4 None.

#### **Environmental and Sustainability**

- 4.5 None.

#### **Key Priorities**

- 4.6 The work of Internal Audit helps to support the efficient delivery of the strategic priorities within the Council Plan 2019-2024.

#### **Community Wealth Building**

- 4.7 None.

### **5. Consultation**

- 5.1 The relevant Services are consulted on Internal Audit findings during each audit assignment.

**Mark Boyd**  
Head of Finance

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Insurance)**, on **01294-324524**.

**Background Papers**

None.

# COMMUNITY ALARMS

## 1 Background

- 1.1 Community alarms provide a monitoring system for individuals who, despite health issues, want to live independently in their own home.
- 1.2 The Council has a contract with Hanover (Scotland) Housing Association to provide an alarm monitoring and call receiving service. All alarm calls are routed to Hanover who then prioritise the calls and arrange the appropriate level of support. The Council's Care at Home Team form part of this support response.

## 2 Objectives and Scope

- 2.1 The objective of this audit was to ensure:-
- Applications for alarms are being assessed and actioned timeously
  - Charges are being correctly calculated
  - Procedures are in place to monitor and control Council assets (alarms and associated equipment)
  - Monitoring of alarm alerts including response times, number of alerts per user is undertaken.

## 3 Findings

### Applications

- 3.1 Hanover provides the Council with a monthly report of all new alarms that have been both approved and installed within that month.
- 3.2 Audit reviewed the April and May 2021 reports to assess the number of cases taking 7 or more days between approval and installation. Out of 162 installations included in these reports, only 3 had taken 7 days or more and 2 of these were due to requests being put in in advance of the user needing the service.

### Calculation of Charges

- 3.3 A weekly flat rate charge is incurred by all alarm users, with users either receiving 4-weekly invoices, or paying via monthly Direct Debit.
- 3.4 Whilst the charge is a flat rate, there are several reasons why invoices may need to be varied or credit notes issued - such as a user starting or leaving the service part way through a billing period, or a user moving into sheltered housing.
- 3.5 Audit selected a sample of 8 transactions (both invoices and credit notes) where the charge was not in line with the flat rate amount and reviewed the calculation to ensure it was accurate.
- 3.6 Minor errors were noted in the calculation of 2 credit notes. HSCP immediately corrected these errors and passed the refund to the users.

- 3.7 Audit reviewed 8 credit notes (all of which were for > £100) which had been issued since April 21.
- 3.8 Errors were noted in 2 of the cases, which HSCP immediately corrected.
- 3.9 Audit selected a sample of 10 new users and reviewed their first invoice, to ensure it had been correctly calculated.
- 3.10 1 error was noted, which HSCP immediately corrected.
- 3.11 A number of the above errors would have been detected if regular reviews of outstanding debts were being undertaken, however Audit recognises that demands on the workforce and the Council wide freeze on debt collection during the height of the pandemic has made debt recovery a lower priority.
- 3.12 The HSCP Finance Team had identified areas for improvement prior to the commencement of this Audit and have been working with the Business Improvement Team to improve processes.
- 3.13 Improvements currently being implemented include:-
- Daily monitoring of unpaid direct debits to allow staff to investigate timeously
  - the reinstatement of Installation and Confirmation of Direct Debit letters to service users which should ensure clarity around charges
  - the introduction of weekly and monthly checklists to ensure all key tasks are being undertaken
  - additional staff training
- 3.14 The above improvements should make the charging process much more efficient, minimise errors and highlight any potential debt risks timeously. **(action point a)**

### **Council Assets**

- 3.15 The HSCP equipment store at Irvine is responsible for the purchasing and issuing of community alarms and equipment.
- 3.16 Discussions with the Equipment Store Manager confirmed that procedures exist for the issuing of alarms and the return of broken units to the supplier for recycling.
- 3.17 No further Audit testing was undertaken.

### **Monitoring of Alarms**

- 3.18 Hanover provides the Council with monthly usage statistics, including information on:-
- how many calls have been received,
  - how many calls were made to the emergency services,
  - % of calls answered within 60 seconds and % answered within 180 seconds
  - Frequent caller information

- Number of fallers.

**3.19** Care Managers use this information to identify service users who may be in need of additional support.

## **4 Internal Audit Opinion**

**4.1** Overall, substantial assurance was obtained with regard to the Council’s handling of community alarms. Whilst errors were identified during detailed audit testing, the service is taking proactive steps to improve its processes to minimise future errors.

### **Definitions of Assurance Levels:**

<b>Substantial</b>	The framework of governance, risk management and control is adequate and effective.
<b>Reasonable</b>	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
<b>Limited</b>	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
<b>None</b>	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

NB The level of assurance given is at the discretion of Internal Audit.

## KEY FINDINGS AND ACTION PLAN COMMUNITY ALARMS

<b>Action</b>	a
<b>Finding</b>	A number of minor invoicing errors were identified during audit testing. Changes are currently being made to working practices to improve the finance side of the community alarm process.
<b>Action Description</b>	<p>The Service should monitor the effectiveness of the changes being currently implemented to ensure they are giving the intended results.</p> <p>If reductions in the number of errors and improvements in debt levels are not evident after a trial period, then a further review of the processes should be undertaken.</p>
<b>Risk</b>	Loss of income to the Council. Errors in charging lead to additional work to correct them and potential distress to vulnerable service users.
<b>Priority (1, 2, 3)</b>	2
<b>Paragraph Reference</b>	3.14
<b>Managed by</b>	Paul Doak, Head of Service (HSCP Finance and Transformation)
<b>Assigned to</b>	Eleanor Currie (Principal Manager HSCP Finance)
<b>Due Date</b>	30 September 2021
<b>Management Comment</b>	The performance of this area will be monitored via additional checks and controls which will be implemented including – checks within the Alarm spreadsheet to ensure billing types and information reconcile prior to processing to avoid further invoicing errors ; a daily review of returned direct debits to ensure all billing information remains up to date with a monthly overall review ; a quarterly review of any ongoing direct debit / payment issues with a cross reference to the Carefirst system to ensure status of SU is up to date (for example, admission to residential care ; death ; requests for removal of CA service ). These checks and controls are in place from 1 September (to allow for training) and will be reviewed at end September by way of team meeting to discuss any issue encountered and quarterly thereafter.

### Priority Key used in Action Plan

<b>1 (High)</b>	Control weakness where there is a material impact on the achievement of the control objectives, generally requiring prompt attention.
<b>2 (Medium)</b>	Control weakness which needs to be rectified, but where there is no material impact on the achievement of the control objectives.
<b>3 (Low)</b>	Minor weakness or points for improvement.