

# Internal Audit Report

## ASC Debt Management Update 2024/25

### Plymouth City Council

Original Audit Report Issued November 2024 – Update Report January 2025

#### Audit Opinion

**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	Limited Assurance	Reasonable Assurance	Substantial Assurance
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Management Actions Agreed	Not Implemented	Partially Implemented	Implemented
High	5	3	2
Medium	5	2	3
Low	1	-	1
Opportunity	0	-	-
<b>Total</b>	<b>11</b>	<b>5</b>	<b>6</b>

#### Corporate Objective

**Spending Money Wisely and Providing Quality Public Services.** Adult Social Care Debt Recovery ensures money owed to the Council is effectively and promptly recovered and that service users are appropriately and accurately charged the amounts they are assessed to pay for the services they receive.

#### Risks or Areas Covered

##### - Original Key Findings (November 2024)

1. **Accumulating ASC debt potentially leading to budget deficits may affect the ability to provide essential services; meet other financial obligations and damage the local authority's reputation and trust among residents and stakeholders.**
  - Ineffective ASC debt management decision making
  - Lack of robust write off procedures
  - Lack of up-to-date debt management policies
  - Ineffective monitoring of suspended invoices
  - Ineffective monitoring of individual ASC debt cases

#### Level of Assurance

Limited Assurance

#### Executive Summary

In November 2024 a Limited Assurance audit opinion was provided in respect of ASC Debt Management. It was recognised that recovery of ASC debt from client contributions can be complex and time consuming, which may require input from other departments and external agencies, often who are experiencing their own resource difficulties. Debt is often unsecured and further complicated if the service user is suspected or known not to have mental capacity to make financial decisions and once a service user passes away recovery becomes more challenging and there is a higher risk of it becoming irrecoverable. Resource capacity within the Income Recovery Team and Legal Team was impacting the Councils ability to effectively manage debt recovery cases.

Progress has been made in addressing the observations made in our original audit with six of the eleven management actions having been fully implemented and five partially implemented. Whilst the overall level of assurance has improved it remains Limited, however it is anticipated that high priority actions will be complete by 30/04/2025 which once implemented will increase the overall opinion to Reasonable, this does not include the longer term action of developing capacity through an Invest to save Business Case for Deputyship.

Details of the latest management update is included in Appendix A and the original scope and objectives of this audit at Appendix C.

No.	Recommended Management Action	Impact / Priority	Agreed Management Action	Management Action Update (21 <sup>st</sup> January 2025)	Management Action Status
1.1	<p><b><u>Ineffective ASC Debt Management Decision Making</u></b>            Effective communication and collaboration between stakeholders is crucial in understanding and preventing debt accumulation. In order to maximise the full potential of the reinstated Debt Meetings it is important that members recognise the significance of the meetings and their strategic importance for ASC finance. A Terms of Reference should be drawn up and distributed to all attendees to include:</p> <ul style="list-style-type: none"> <li>• the key objectives of the meetings;</li> <li>• frequency of meetings;</li> <li>• a set agenda with regular items plus any additional points for discussion;</li> <li>• responsibility for co-ordinating meetings, agenda items, action points;</li> <li>• identify the expected regular attendees/representatives (e.g. Legal, Finance, LWSW, Income Recovery, Deputyship);</li> <li>• expectations of members based on the principles of a RACI matrix (i.e.. who needs to attend every meeting, who should be informed of decisions, responsibility for actions etc);</li> <li>• identify specialised area representatives who may be required for specific meetings/agenda items (e.g.</li> </ul>	High	<p>ASC Debt meetings have been reinstated and the agenda includes objectives and frequency of meetings. This will be formalised into a Terms of Reference incorporating the areas to include as per recommendation.</p> <p>ToR to outline the governance of ASC Debt Meetings and how identified risks are escalated.</p> <p>Responsible Officer: Head of ASC and Retained Functions            Target Date: 31/12/2024</p>	ToR has been drawn up and agreed at ASC Debt Meeting.	Implemented

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1.2	<p>Operations Development / Counter Fraud).</p> <p><b><u>Lack of robust write off procedures</u></b> Bad Debt Procedures should be updated to ensure that an additional approval step is put in place to ensure all write off requests are formally approved by the budget holder, prior to being submitted to Income Recovery and authorisation by the Service Director for Finance. All approvals for write offs should be retained on file for future reference.</p> <p>Review processes for the pursuit of debt from Executors and ensure all is being done to maximise the chances of recovery i.e..</p> <ul style="list-style-type: none"> <li>• Ensuring an up to date next of kin on record;</li> <li>• Establishing the Executor early on and, if not being dealt with by a solicitor, ensure contact details are up to date;</li> <li>• Regular review and contact with Executor to ensure position of estate is understood to ensure follow up is timely but not intrusive;</li> <li>• Ensure Executors are clear on what information the Council requires as evidence and try to obtain this at the earliest opportunity;</li> <li>• Consideration as to whether enough documentation has been obtained to base a decision and to fully document rationale.</li> </ul>	High	<p>An additional step to be built into the write off process to ensure that instruction for write off only comes from ASC management. Process to be reiterated to all, including LWSW, at ASC Debt meeting.</p> <p>Requests for write off to be agreed at ASC Debt Meetings.</p> <p>Income Recovery Team will ensure approval from ASC budget holder is in place prior to submitting to Service Director for Finance for write off approval. LWSW does not have delegated authority to approve write offs.</p> <p>Income Recovery Team Leader to review processes for pursuit of debt from Executors and explore ways of maximising engagement and debt recovery from Executors.</p> <p>Responsible Officer: Head of ASC and Retained Function Target Date: 31/12/2024</p> <p>Income Recovery Team Leader Target Date: 31/1/2025</p>	<p>Process agreed and is in place. Write Off Procedures have been updated to reflect process and has been approved by Service Director for Finance.</p>	Implemented
1.3	<p><b><u>Lack of up to date debt management policies</u></b></p>	High	<p>Income and Credit Management Policy to be reviewed to include</p>	<p>Review of the Income and Credit Management Policy is</p>	Partially Implemented

No.	Recommended Management Action	Impact / Priority	Agreed Management Action	Management Action Update (21 <sup>st</sup> January 2025)	Management Action Status
	<p>The Income and Credit Management Policy (2017) should be reviewed and if necessary, brought up to date. The same applies to the Charging Policy (2019) which should include amendments made to bring in line with current practices for Direct Payments.</p>		<p>review of ASC debt recovery and potential use of enforcement agencies. Awaiting trial of this approach in another Local Authority.</p> <p>Charging Policy to be reviewed by Head of ASC and Retained Function with Income Recovery/Client Financial Services Team Leader and Operations Development Manager to ensure policy is up to date and to review local decisions to ensure income is maximised.</p> <p>The reviewed Charging Policy to include the new online financial self-assessment system (Better Care Finance). The aim is to have a draft by January 2025 and publish a final version in April 2025.</p> <p>Responsible Officer: Head of Revenues, Benefits and Service Centre and Head of ASC and Retained Function, Target Date: 30/4/2025</p>	<p>awaiting response from Cornwall Enforcement Agency the results of which it is hoped will provide leverage in the policy. Needs to be discussed with the head of ASC and Retained Functions to explore using as an option.</p> <p>The S151 Officer will call a review meeting in February to resolve all outstanding issues, with a completion date of 31 March 2025.</p> <p>Charging Policy is currently being reviewed by the operations Development Manager. Better Care Finance is still progressing on track to implement the policy by target date of April 2025.</p>	
1.4	<p><b><u>Ineffective monitoring of suspended invoices</u></b> The suspended cases report should be reviewed to ensure all suspended invoices/accounts are still appropriate. Regular monitoring of the report and following up on outstanding information or co-operation from</p>	High	<p>One team member has been assigned to the suspended invoices report, however, there is insufficient resources to check and chase debt as regularly as would like.</p>	<p>Started working on prioritising debts, looking at high debt cases and prioritising, identifying bad debt provision, prioritising executors. One member of team concentrating on ASC debt one day per week and income recovery has</p>	<b>Partially Implemented</b>

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	<p>families/financial representatives should be carried out and the suspended status removed as soon as possible.</p> <p>Each account should be considered independently but when a high value balance is deemed unlikely to be recovered by Legal Services and has been referred to Counter Fraud (which is likely to take a considerable time to investigate) it may be worth considering write off from the accounts so it does not over inflate recoverable council debt. If the debt or partial debt is recovered by Counter Fraud it can always be written back on into the accounts.</p> <p>When it is suspected that a family or financial representative is being evasive or deliberately stalling or avoiding contact, a risk-based approach should be applied with more focus and concentrated chasing on high value or increasing balances with the highest risks of money or assets disappearing. Where application for LPA or Deputyship is claimed, in high risk cases evidence should be sought at the earliest point to ensure claims are accurate.</p> <p>When recovery action cannot be taken due to work being undertaken in other areas e.g. Complaints Team, LWSW, Legal or Counter Fraud, they should be aware that the debt cannot be pursued until their role is completed and until that time debts will continue</p>		<p>In cases where Legal Services recommend that a debt is irrecoverable, these cases will be taken to the ASC Debt meetings for discussion and possible write off.</p> <p>As per 1.2 above, processes to be reviewed and a more risk based approach to high value/high risk cases to be taken.</p> <p>Where “bottlenecks” in other teams, departments hinder debt recovery this will be highlighted at the ASC Debt Management meetings for monitoring or action as necessary.</p> <p>Responsible Officer: Income Recovery Team Leader (CC)</p> <p>Target Date: 31/1/2025</p>	<p>improved during November. Recovery Team to identify cases where stalling for time may be an issue, LPA applied for some time ago, executors or cases where progress does not seem to being made to prioritise. Identify high risk cases to bring back to ASC Debt Meetings for discussion.</p> <p>Working on the waiting list for Deputyship. Business Case for Deputyship drawn up as Invest to Save.</p>	

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	to be shown as income and if irrecoverable will falsely inflate the financial statement and impact the ASC budget.				
1.5	<p><b><u>Ineffective monitoring of individual ASC debt cases</u></b> Capacity within teams involved in the recovery of debt should be under constant review. Recovery of debt in complex areas such as ASC is resource heavy, PCC Senior Management should consider whether the benefits of investing in sufficient capacity across Income Recovery, Deputyship and Legal Services to enable an effective and efficient means to recover debt outweighs the costs this will incur. The risks of not doing so is that debt recovery may become more challenging if the public believes debts will not be vigorously pursued.</p> <p>Income Recovery should consider if more can be done when family members agree to apply for LPA or deputyship and whether evidence should be requested and followed up on. Finding a way to identify high risk cases and focus more attention on them may send out a message that cases are monitored closely and act as a deterrent.</p>	High	<p>As per 1.4 above, Income Recovery to review processes and consider using a risk based approach to high risk/high value cases, particularly where an “unwillingness” to pay is suspected rather than an “unable” to pay. Explore whether more can be done to obtain evidence in the early stages of applications for LPAs to ensure this is not used as a stalling tactic from financial representatives.</p> <p>Responsible Officer: Income Recovery Team Leader Target Date : 31/1/2025</p> <p>Ensure that bottlenecks and resource issues, which prevent and hinder debt recovery, are discussed at ASC Debt Meetings to understand the reasons and risks. Where appropriate resource issues that delay debt recovery to be escalated to DMT.</p> <p>Responsible Officer: Head of ASC and Retained Function Target Date: 31/1/2025</p>	<p>Prioritising debts as above. Communicated to Income Recovery Team to identify cases where stalling for time may be an issue, LPA applied for some time ago, executors or cases where progress does not seem to be made to prioritise. Identify high risk cases to bring back to ASC Debt Meetings for discussion.</p> <p>Further Legal Comment to clarify that Resources are stretched across all departments which impact on each other, not just in Legal or Income Recovery. Legal's resources to be discussed with Strategic Director for Adults, Health and Communities as potential for Invest to save.</p>	Partially Implemented

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			<p><u>Legal Services Comment:</u> At present the Legal Team would not have capacity to manage all of the ASC debt. However, the work of Legal services is impacted by delays within the debt recovery team where the processing of recovery action is not undertaken quickly enough, so by the time matters get to legal the debts are much larger and more difficult to recover. The whole process needs an overhaul and investment to make it more efficient and to provide capacity for recovery of all outstanding debts, starting with the way the finance team manage recovery to the legal team taking on an extra lawyer with a specialism in ASC debt recovery.</p>		
1.6	<p><b><u>Unpaid Devon Integrated Care Board (ICB) Invoices</u></b> Residential Care which is fully or partially funded by Devon ICB is paid by the Council in the first instance and recharged to the Devon ICB on invoice. There are sometimes delays in the payment of these invoices which negatively impacts collection rate figures for the Income Recovery</p>	Medium	<p>This is not expected to be an ongoing issue, however, learning from last year's dispute will be applied going forward. As soon as it is known that an invoice is being disputed Finance will contact the income recovery team to hold invoices being chased.</p>	<p>Implemented at final report stage. No further issues identified.</p>	<b>Implemented</b>



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	<p>Team. During the latter part of 2023/24 Devon ICB withheld payment for a number of invoices due to a separate dispute. Payment was eventually made in March 2024 of £18m covering a number of invoices. In this case, there was a lack of effective communication between decision makers, Income Recovery and Finance which resulted in:</p> <ul style="list-style-type: none"> <li>• Officers chasing debt which had been agreed to be put on a temporary hold;</li> <li>• Finance being unaware payments had not been made;</li> <li>• Income Recovery not being aware when payment was finally made.</li> </ul> <p>The withholding of such a large amount negatively affected Income Collection performance rates, placed additional unnecessary work pressures on the Income Recovery Team and ASC Finance and could potentially have affected the Council's cashflow position.</p> <p><b>Recommendation:</b> Communication should be improved between decision makers, ASC Finance and Income Recovery to ensure that time is not wasted in chasing debts which have been temporarily placed on hold whilst a dispute or other arrangement is concluded.</p>		<p>Responsible Officer: Lead Accountancy Manager</p> <p>Target Date: Implemented</p>		



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1.7	<p><b><u>Understated Bad Debt Provision</u></b> The ASC bad debt provision should reflect the calculated risk in order for the service area to accurately and completely report their financial position. (Link to 1.9 below)</p>	Medium	<p>The Finance team will carry out a full review of the methodology of calculating the ASC Bad Debt Provision, to ensure that recommendations in 1.7 and 1.9 are considered, and that the provision going forward shows a more accurate view of debt risk and that any financial impact as a result is factored into the revenue monitoring position.</p> <p>Responsible Officer: Lead Accountancy Manager</p> <p>Target Date: 31/1/2025</p>	<p>Linking to the high risk case reviews would best inform the provision calculations so I think to allow that, and to get the best outcome for the BDP review, the deadline will need to move slightly to the end of Feb; this would still allow us sufficient time to have a good overview/working papers in time for year end.</p> <p>This review is now part of a wider piece of work being undertaken across finance to review all bad debt provisioning. It should be noted the 2025/26 Proposed Budget included a £0.5m uplift to the ASC Bad Debt provision</p> <p>Responsible Officer: Lead Accountancy Manager</p> <p><b>Revised Target Date:</b> 28/02/2025</p>	Partially Implemented
1.8	<p><b><u>Closed investigation leaving irrecoverable debt showing as recoverable on Debtors system</u></b> If advised by Legal Services that a debt is likely to be irrecoverable, it should be referred to the appropriate manager to make a decision on</p>	Medium	<p>Standard procedure would be that a report would be provided whenever a case is closed down, I can't confirm whether reports went out on the cases that were mentioned, as they would have been attached onto</p>	<p>Implemented at Final Report.</p> <p>Further agreed that if Income Recovery come across cases which were referred to Counter Fraud a long time ago and nothing has happened Internal</p>	Implemented

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	<p>whether the debt should be written off, ensuring that income is not overstated, or at least a provision is made in the bad debt reserve. A debt can be written back on if it is recovered once an investigation is complete. (Recommendation covered in 1.4 above)</p> <p>Regular updates should be provided to the relevant departments who have requested Counter Fraud's services on each case they are working with. When a case is closed to Counter Fraud this should be communicated back to the relevant department manager and evidenced so that action can be taken to write off debt or close the case down within the originating department as appropriate.</p> <p>An exercise should be undertaken to identify any cases that were referred to Counter Fraud and subsequently closed to ensure the originating department have been informed of the closure.</p>		<p>our old fraud system. We have standard report formats now, which must be completed by an investigator when submitting a case for closure, whether it is being recommended that action is taken or just closed down as no further action, and these should be provided to the department that refers the fraud to us.</p> <p>The cases that were previously investigated were stopped multiple years ago, I can't say for certain, but I believe in 2022. From my recollection, I met with the previous Legal Assistant before they left, and we discussed how none of the cases could be progressed for the reasons I mentioned, and I believe after he left, someone else e-mailed to ask about them and they were advised that they had already been stopped from our end. If legal were not successfully notified of the outcome of the cases, that would have been an error on my part, as standard procedure would be to send a closure report (or at least an e-mail).</p> <p>From our current position, we have no current live cases related to Adult Social Care debt. But any future cases that may be referred to us, will</p>	<p>Audit will be advised and will take this up with Counter Fraud. Any cases discovered in this way that have been closed by Counter Fraud will be discussed at ASC Debt Meeting in relation to potential write off.</p>	

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			<p>always have a closure report sent over.</p> <p>The Fraud Team are happy to assist in an exercise to look at cases that have been referred to the Counter Fraud team, to make sure that they can all be successfully updated by legal, should it be required.</p> <p>Responsible Officer: Senior Counter Fraud Officer Target Date: Implemented</p>		
1.9	<p><b>Insufficient bad debt provision, calculations do not adequately reflect risk of recovery.</b></p> <p>The bad debt provision calculator should be sense checked to ensure the factors are appropriate. In addition to the calculator, a risk-based approach to the individual debts should be included and a RAG rating allocated based on a predetermined criteria such as:</p> <ul style="list-style-type: none"> <li>• mental capacity;</li> <li>• previous payment history/client debt issues/previous debt written off;</li> <li>• size of debt (based on client not invoice);</li> <li>• if estate is being managed by a solicitor;</li> <li>• whether there is a property involved;</li> <li>• financial representative, family, safeguarding concerns;</li> <li>• co-operation of client/financial representative (including</li> </ul>	Medium	<p>The Finance team will carry out a full review of the methodology of calculating the ASC Bad Debt Provision, to ensure that recommendations in 1.7 and 1.9 are considered, and that the provision going forward shows a more accurate view of debt risk and that any financial impact as a result is factored into the revenue monitoring position</p> <p>Responsible Officer: Lead Accountancy Manager</p> <p>Target Date: 31/1/2025</p>	<p>Linking to the high risk case reviews would best inform the provision calculations so I think to allow that, and to get the best outcome for the BDP review, the deadline will need to move slightly to the end of Feb; this would still allow us sufficient time to have a good overview/working papers in time for year end.</p> <p>This review is now part of a wider piece of work being undertaken across finance to review all bad debt provisioning. It should be noted the 2025/26 Proposed Budget included a £0.5m uplift to the ASC Bad Debt provision</p> <p>Responsible Officer: Lead Accountancy Manager <b>Revised Target Date:</b> 28/02/2025</p>	<b>Partially Implemented</b>

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	<p>where full charge is applied due to non-disclosure during financial assessment);</p> <ul style="list-style-type: none"> <li>• suspected fraud;</li> <li>• awaiting input from other service areas/agencies (eg. Deputyship, Court of Protection, Legal Services, Counter Fraud etc).</li> </ul> <p>An additional tab could be added to the bad debt spreadsheet to incorporate the above and feed into the overall bad debt provision. The bad debt provision calculator and risk approach tool should be agreed by managers and form part of the Bad Debt Policy for ASC.</p> <p>Link to 1.7 above.</p>				
1.10	<p><b><u>"Free Text" Exception Report identifies cases where correspondence may not be sent due to incorrect input</u></b></p> <p>As raised in previous audit reports a "free-text financial representative" remains in 17 cases as shown in the Dashboard exception report. This is a field which should not be completed and may prevent the issue of correspondence and/or invoices.</p> <p>It is understood that the Eclipse upgrade has removed the issue with the "Free Text" box for new cases, however, 17 pre-migration cases currently remain with this error notification.</p>	Medium	<p>Cases continue to be worked through and removed. Currently down to 15 pre-migration cases.</p> <p>The Operation Development Team will close down the remaining 15 Free Text Fin Reps and where possible convert them into CareFirst records.</p> <p>Responsible Officer: Operations Development Manager</p> <p>Target Date: 31/12/2024</p>	<p>Free Text box on CareFirst has been cleared and is being regularly checked.</p>	Implemented

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	<p><b>Recommendation:</b> An exercise should be undertaken to clear up the final 17 "free text representatives" cases.</p>				
1.11	<p><b>ASC Debt summary is not regularly produced and reported to senior managers</b> ASC debt can be monitored and is reported in various ways (ledger, ASC dashboard, debtors system) and is included in the Council's financial statements.</p> <p>ASC Deferred Debt is also reported in the financial statement and in the ASC Dashboard. However, there appeared to be a lack of clarity and understanding amongst finance staff in relation to Deferred Debt and how this is monitored and reported and how this information is displayed in the ASC Dashboard.</p> <p>According to the ASC dashboard (as of September 2024) there was £8.9m outstanding ASC debt spanning a number of years. 53% of the debt was from 2023/24 and 2024/25 (to date). The remaining 47% spanned between 2006/07 to 2022/23. It was noted that some service users debt had been accrued over a number of years.</p> <p><b>Recommendation:</b> Managers could benefit from a periodic ASC debt report which summarises key risk areas as not everyone has access to all debt management reports and systems. This could pull together specific</p>	Low	<p>Operations Development Manager to add a debt section to the weekly income report which is sent to managers.</p> <p>Email alerts are already sent to Management Team when debt levels peak.</p> <p>Management reporting to be discussed at ASC Debt Meeting and reports tweaked as necessary to provide good quality management information.</p> <p>Responsible Officer: Operations Development Manager.</p> <p>Target Date: 31/12/2024</p>	<p>Debt summary has been added to Income summary for circulation to Managers.</p>	Implemented

No.	Recommended Management Action	Impact / Priority	Agreed Management Action	Management Action Update (21 <sup>st</sup> January 2025)	Management Action Status
	<p>information held in the dashboard and debtors system regarding aged debt and service user categories (e.g. mental capacity, financial representative etc) and information from the bad debt provision report in relation to service users who have the highest debt. Findings from the debt management meetings in relation to trends and work undertaken to reduce the debt could also be included.</p> <p>Deferred debt should also be regularly monitored by Finance and ASC monitoring reports should include Deferred Payments for visibility and to enable trends to be identified and monitored.</p>				

## Scope and Objectives

The scope and objectives of this audit was to provide the Council with an opinion on the processes in place to pursue debts within Adult Social Care (ASC) to maximise income for the Council whilst supporting vulnerable service users who struggle to pay and addressing those who "won't pay".

The audit included those direct payment recipients who receive their direct payment gross of the assessed client contribution and who are invoiced in the same way as those in receipt of commissioned services. Direct Payments which are paid "net" of the assessed client contribution were not be included in this audit. The management and oversight of client contributions for Direct Payments that are paid "net" of the contribution are included in the Direct Payments audit.

### Overall Risk:

- Accumulating ASC debt may lead to budget deficits, affecting the ability to provide essential services and meet other financial obligations.

### Risk Effect:

- Non-compliance with legal and regulatory requirements can result in penalties, fines or legal action against the Local Authority;
- Insufficient funds which may impact the quality and availability of services provided by the local authority. This can result in reduced access to essential care services for vulnerable adults, affecting their well-being and potentially leading to safeguarding issues;
- Negative publicity regarding financial mismanagement or inadequate support for vulnerable adults can damage the authority's reputation and trust among residents and stakeholders;
- Increased administrative burdens and operational costs, including resources needed for debt collection, legal proceedings and managing disputes;
- ASC debt can have broader economic implications for the local community ie. affecting the council's ability to maintain services;
- Lack of adequate social care services due to financial constraints can exacerbate social inequalities and contribute to social isolation among vulnerable adults.

The following areas and mitigating controls were reviewed during the audit:

- Financial Management Policies and compliance with Regulations;
- Debt Management Procedures;
- Documentation and record keeping;
- Risk assessment and management;
- Stakeholder Communication;
- Performance Measurement and Reporting

## Acknowledgements

We thank those who provided support and assistance during this audit.

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## **Audit Team**

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## **Inherent Limitations**

The opinions and observations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

## **Devon Assurance Partnership**

Devon Assurance Partnership has been formed under a joint committee arrangement, details of our partners can be found on our [website](#). We aim to be recognised as a high-quality assurance service provider. We collaborate with our Partners by providing a professional service that will assist them in meeting their challenges, managing their risks and achieving their goals.

In conducting our work, we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards. The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [tony.d.rose@devon.gov.uk](mailto:tony.d.rose@devon.gov.uk).

## Confidentiality under the National Protective Marking Scheme

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the organisation, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

### Marketing

Official

### Definitions

The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.

Official: Sensitive

A limited subset of OFFICIAL information could have more damaging consequences if it were lost, stolen or published in the media. This subset of information should still be managed within the 'OFFICIAL' classification tier but may attract additional measures to reinforce the 'need to know'. In such cases where there is a clear and justifiable requirement to reinforce the 'need to know', assets should be conspicuously marked: 'OFFICIAL–SENSITIVE'. All documents marked OFFICIAL: SENSITIVE must be handled appropriately and with extra care, to ensure the information is not accessed by unauthorised people.

## Definitions of Audit Assurance Opinion Levels

## Definition of Observation Priority

Assurance	Definition		
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.	High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
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.	Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important observations made to improve internal control arrangements and manage identified risks.
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.	Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
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.	Opportunity	An observation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These observations do not feed into the assurance control environment.