

# Final Internal Audit Report

## Appointeeships and Deputyships

### March 2023

Distribution: Corporate Director of Adult Social Care and Health  
Interim Director of Adult Social Care and Operations (Deputy DASS)  
Head of Business & Service Compliance  
SUFMT Team Manager  
Corporate Director of Resources and S151 Officer

Assurance Level	Issues Identified	
Substantial	Priority 1	0
	Priority 2	2
	Priority 3	1

#### Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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**Please refer to the Statement of Responsibility in Appendix 4 of this report for further information about responsibilities, limitations and confidentiality.**

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**1. Introduction**

- 1.1. When someone is unable to manage their own finances, care, or other personal matters, it may be necessary for someone else to manage these on their behalf. Someone who is unable to manage their personal affairs may use a power of attorney, an appointee, or a deputy.
- 1.2. Care managers or social workers can make applications to the Service User Financial Management Team (SUFMT) at the London Borough of Croydon (the 'Council) if they feel a person is unable to manage his/her finances. This could be because they lack the mental capacity or have a condition which prevents them from doing so.
- 1.3. An appointee is responsible for making and maintaining any benefit claims by performing actions such as signing the benefit claim form, informing the benefit office about any changes which may affect how much the claimant gets and spending the benefit in the claimant's best interests.
- 1.4. A deputy is authorised by the Court of Protection (CoP) to make financial decisions that go beyond benefits on behalf of the person. There are two types of deputies:
  - 1.4.1. Property and financial affairs deputy who performs actions such as paying bills and organising pension arrangements on someone's behalf; and
  - 1.4.2. Personal welfare deputy who will make decisions about medical treatment and how someone is looked after.
- 1.5. Property and financial affairs deputies are appointed by the CoP and in most cases, a friend or family member is appointed, but similarly for an appointee, if a suitable person is unavailable as a professional deputy, the Local Authority can be appointed.
- 1.6. The Council had a total of 334 Appointeeships and 56 Deputyships in place at the time of this audit. Appointeeships and Deputyships are overseen by the SUFMT, which consists of the SUMFT Team Manager, six SUMFT Officers, an Admin Officer and a Deceased Case Worker.
- 1.7. Whilst our review and testing were performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.8. The audit was undertaken as part of the agreed Internal Audit Plan for 2022/23. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 2.

**2. Key Issues****Priority 2 Issues**

Through our sample testing of 20 Payment Plans and benefit payments, we noted that in 13 cases, the amount of benefit income set to be received on Caspar (the Council's Deputies and Appointees administration system) differed to the amount of money actually received in benefits evidenced from clients' bank statements. **(Issue 1)**

There were no Key Performance Indicators (KPIs) in place in relation to Appointeeships and Deputyships that could be tracked against and reported on to senior management. **(Issue 2)**

The Priority 3 issue is included under item 4 below.

**3. Actions and Key Findings/Rationale**

**Control Area 2: Banking, Spending Plans, and Monitoring**

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1
2	<p>Benefit payments change regularly, and every time they do so, it can take up to two months for them to settle at the regular payment amount. This makes it impractical to amend the income rule every time. These rules are updated every two weeks where appropriate, but it is not always prudent to do so. as they are always in a state of flux.</p> <p>This has no impact on the amounts that are reconciled, they are used as a traffic light system to accelerate the process but have no actual impact on the amounts that are reconciled and cannot lead to errors in any way.</p>	<p><b>Expected Control</b></p> <p>The amount of benefit income that a service user is set to receive each month should be recorded as accurately as possible within Caspar, the Council's bespoke Appointeeship and Deputyship software package, to ensure that the reconciliation process is smooth and timely.</p> <p><b>Finding/Issue</b></p> <p>Caspar tracks the amount of benefits a service user should be receiving, how much should be leaving their account for bill payments and personal allowances and how often this should be happening. These are known as 'rules'.</p> <p>We selected a sample of 20 current service users for testing, fifteen Appointeeships and five Deputyships and identified that in 13 cases, the benefit payments they were expected to receive on Caspar differed from the amount they were actually receiving. The difference averaged £105.93 and the 13 discrepancies related to nine appointeeships and four deputyships (Please see <b>Appendix 1</b>). Whilst the majority of these differences were small, less than £40, two larger discrepancies were also identified, £951.41 and £270.70 respectively. The former had a benefit amount entered twice on Caspar and the latter did not have a rule for benefits entered at all. In the smaller cases, we were advised that these may have been due to a benefits increase which had not been updated in the system.</p>

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		<p>The rules on Caspar are primarily used for reconciliation purposes. When the amount of income received differs from expected, the transaction flashes as amber as an alert. An SUFMT officer will then investigate it. The rules, however, are not regularly updated to reflect increases or decreases in income.</p> <p><b>Risk</b></p> <p>Where rules on the Appointeeship and Deputyship software are not regularly updated to reflect the amount of benefit income that is expected to be received, there is a risk that an error may occur in the reconciliation process.</p>
<b>Responsible Officer</b>	<b>Deadline</b>	
SUFMT Team Manager	31 January 2023	
<b>Internal Audit Comment</b>		
<p>If the Caspar system is not updated when changes occur, it does not provide a useful record for reconciliation purposes and our sample testing identified that 75% of the records were incorrect. This causes inefficiencies as every difference needs to be checked and therefore a greater risk of error.</p>		

**Control Area 5: Performance Monitoring and Reporting**

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 2
2	<p>KPI's have been identified and agreed with the Head of Service and will be reviewed and reported on regularly.</p> <p>Identified KPI's:</p> <ul style="list-style-type: none"> <li>• Total number of clients</li> <li>• Staff case loads</li> <li>• Number of new referrals – separated in to applying teams</li> <li>• Number of cases closed</li> <li>• Total number of open deceased cases</li> <li>• Total open deceased case value</li> <li>• Any court work – How many deputyship applications made</li> <li>• Fees</li> <li>• Legal costs</li> </ul>	<p><b>Expected Control</b></p> <p>Key performance indicators (KPIs) have been established and the performance against these indicators and the SUFMT is reported on to senior management with appropriate regularity.</p> <p><b>Finding/Issue</b></p> <p>Through discussions with management, it was established that there are KPIs in place though performance is not regularly reported to senior management or the Senior Leadership Team. Whilst KPIs have been monitored and scrutinised in the past, it was felt that they were not adding sufficient value and are therefore no longer subject to reporting and review.</p> <p>There is a hierarchical reporting chain in place. From review of minutes and meeting notes, we evidenced that the SUFMT Team Manager meets with the Head of Business Service and Compliance every two weeks and they in turn meet monthly with the Interim Director of Adult Social Care Operations. Within Adult Social Care as a whole there are fortnightly Team Manager meetings and every four weeks the SUFMT Team Manager has a one-to-one with each SUFMT Officer. However, no formal performance analysis is currently taking place. The use of considered KPIs are a valuable tool in assessing overall performance of a team or department and for the allocation of resources.</p> <p><b>Risk</b></p> <p>Where KPIs are not used as a yardstick for performance, there is a risk that key issues such as team resourcing are not considered and that performance falls below desired</p>

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	<ul style="list-style-type: none"> <li>• Outcomes – good news stories</li> <li>• Issues</li> </ul>	levels. Where performance is not reported on, there is a risk that senior management do not have the full picture and key decisions are not made effectively.
Responsible Officer	Deadline	
SUFMT Team Manager	31 January 2023	



**Priority 3 Issue**

Agreed action	Findings
<p><b><u>Control Area 1: Legislative, Organisational and Management Requirements</u></b></p> <p><b><u>Action proposed by management:</u></b></p> <p>Any amendments from now will be version controlled to ensure that this can be verified.</p> <p>The Tri-x system, has an amendment page that identifies when amendments have been made, the last update for the Appointee and Deputy team is shown as September 2022.</p>	<p><b>Expected Control</b></p> <p>An effective and up to date Appointeeship and Deputyship Policy provides a way to communicate and apply consistent standards and practices within the Council's operations. It is important that this is reviewed regularly and made available to staff and service users.</p> <p><b>Issue/Finding</b></p> <p>Whilst Standard Operating Procedures in relation to Appointeeships and Deputyships are in place and available on the Council's website, the procedures are not version controlled so we were unable to confirm that these are subject to regular review. Through discussion with management, we could not establish when the date of last review was, when the next is set to take place, and when the document was drafted.</p> <p><b>Risk</b></p> <p>Where key policies are not updated periodically or version controlled, there is a risk that staff and service users may follow outdated guidance or be unsure if the guidance is still relevant.</p>

## Benefit Income Discrepancies

Caspar ID	Benefit Amount on Caspar	Latest Benefit Payment as per Bank Statement	Difference £
2033715	£939.39	£947.19	7.80
8464	£710.40	£722.70	12.30
14784	£738.10	£702.60	35.50
24644	£732.00	£754.70	22.70
24768	£520.90	£528.70	7.80
140145	£485.20	£485.95	0.75
18851	-	£270.70	270.70
2151394	£838.55	£854.40	15.85
2447656	£512.80	£528.70	15.90
111833	£464.30	£482.70	18.40
13356	£2,386.62	£1,435.21	951.41
24479	£484.20	£493.20	9.00
26012	£249.00	£258.00	9.00

## AUDIT TERMS OF REFERENCE

### Appointeeships and Deputyships

#### **1. INTRODUCTION**

- 1.1 When someone is unable to manage their own finances, care, or other personal matters, it may be necessary for someone else to manage these on their behalf. Someone who is unable to manage their personal affairs may use a power of attorney, an appointee, or a deputy. It is commonplace for a friend, family member, or other suitable person to undertake these duties, however if these avenues are not available, it may be necessary for the Local Council to manage someone's affairs.
- 1.2 Care managers or social workers can make applications to the Appointee and Deputy Team at Croydon if they feel a person is unable to manage financially. This could be because they lack the mental capacity or have a condition which prevents them from doing so.
- 1.3 An appointee is responsible for making and maintaining any benefit claims by performing actions such as signing the benefit claim form, informing the benefit office about any changes which may affect how much the claimant gets, and to spend the benefit in the claimant's best interests.
- 1.4 A deputy is someone authorised by the Court of Protection (CoP) to make financial decisions that go beyond benefits on their behalf. There are two types of deputy:
  - 1.4.1 Property and financial affairs deputy who performs actions such as paying bills and organising pension arrangements on someone's behalf;
  - 1.4.2 Personal welfare deputy who will make decisions about medical treatment and how someone is looked after.
- 1.5 Financial deputies are appointed by the CoP and in most cases a friend or family member is appointed, but similarly for an appointee, if suitable person is unavailable as a professional deputy, the Local Authority can be appointed.
- 1.6 This audit was part of the agreed Internal Audit Plan for 2022/23.

#### **2. OBJECTIVES AND METHOD**

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit for each controls / process being considered:
  - Walkthrough the processes to consider the key controls;
  - Conduct sample testing of the identified key controls, and
  - Report on these accordingly.

### 3. SCOPE





3.1 This audit, focused on appointeeships and deputyships, was being undertaken as part of the 2022/23 Internal Audit Plan. The specific scope included the following areas and recommendations:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	0	0	1
Banking, Spending Plans, and Monitoring	0	1	0
Deputyship Fees	0	0	0
Record Keeping and Access	0	0	0
Performance Monitoring and Reporting	0	1	0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>1</b>

## Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to identified issues are based on the following criteria:

<b>Priority 1 (High)</b>	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
<b>Priority 2 (Medium)</b>	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
<b>Priority 3 (Low)</b>	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

## **Statement of Responsibility**

We take responsibility to the London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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