

Amenity Funds 2014-15 City of York Council Internal Audit Report

Business Unit: Adult Social Care

Responsible Officer: Assistant Director - Adult Social Care

Service Manager: Group Manager

Date Issued: 03/12/2014

Status: Final

Reference: 11750/003

Summary and Overall Conclusions

Introduction

Amenity Funds are operated by EPH staff on the behalf of residents. Income is collected from donations and fund raising activities with the purpose of providing extra facilities, equipment and comforts, etc. as determined by the residents.

The funds at all council operated EPHs are reviewed by internal audit on a regular basis. This year the amenity funds at Willow House and Grove House were audited on the 24th and 25th June. Willow House has approximately 32 residents and a balance on the fund at the time of the audit of £637.77. Grove House has approximately 29 residents and a balance of £2013.35.

Objectives and Scope of the Audit

The main purpose of the audit was to review a selection of Amenity Funds within the council's Elderly Persons Homes to ensure that adequate controls are in place to safeguard residents' money from loss or misuse. The review of the funds covered the following areas:

- Bank account and bank reconciliations
- Income
- Expenditure

Findings

At both establishments:

- A cash float system is not in operation. Income is added to the cash tin instead of being banked intact.
- Cash income and expenditure items are not authorised by two members of the EPH staff to confirm that the amount recorded is correct.
- Reconciliations of the fund are not performed and recorded on a monthly basis by an appropriate member of staff.
- Staff members responsible for the fund were unaware that there are guidance documents detailing procedures for management of the fund. Therefore, the operation of the fund at both sites is inconsistent with policy.
- Amenity Fund guidance documents have not been revised since 2001 and they do not contain a procedure for transferral of signatory authority upon the cessation of a staff member's employment with the EPH or council.

At Grove House:

- The EPH has not had access to their amenity fund since Oct 13 due to all four bank account signatories going on long term sick leave or leaving council employment before transferral of signatory authority.

At Willow House:

- Two pre-signed cheques were found in the chequebook.
- There is only one signatory on the bank account.

Overall Conclusions

All individual items of expenditure tested were found to be reasonable and in line with the expected purposes of the funds.

However, in both establishments visited, the management of the fund is inconsistent with previously issued guidance and displays weaknesses which may lead to incorrect record keeping or loss of funds.

Actions agreed by the service after the 13/14 audit, specifically the review of bank signatories and the refresh of the guidance documents, have not been completed to the agreed target date. Prompt action is now required to ensure that residents have appropriate access to the money in the bank accounts and that the Amenity Funds are operated efficiently and securely. A revised date for these actions will be agreed with management along with any new actions required to address the weaknesses identified in this report.

After completion of the audit and issuing of the first draft report, the service decided to centralise the management of Amenity Funds. Proposals indicate that the fund will operate as a petty cash system at EPH level, with central Finance responsible for bank account management and fund reconciliation. Therefore, actions which are made redundant by this decision have been removed from the Annex.

Overall, the current arrangements for managing risk were found to be poor with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation. Our overall opinion of the controls within the system at the time of the audit was that they provided Limited Assurance.

Annex 1

Agreed Action	Responsible Officer	Timescale
A decision will be taken as to an appropriate level of the float for amenity funds at EPHs which will take into account the risk of too much money being stored in the safe against the need to pay for items of expenditure from the fund. The recommended level of the float will be included in the updated guidelines.		Completed
The guidance document for amenity funds dated 2001 will be reviewed and updated. This will then be agreed by the Directorate Management Team and issued to all EPHs.	Group Manager	Completed. Document completed and DMT paper prepared
In future all income will be witnessed by two members of staff counting the money and signing the income book. All income will then be banked intact rather than being added to the float.	Group Manager Operational staff	Completed. Requirement included in guidance document
Monthly reconciliations of the fund will be performed and recorded by an appropriate member of staff.	Service managers	Completed. Ongoing from November 2014