


Final Internal Audit Report 2011/12

London Borough of Hammersmith and Fulham Client Affairs (Property Protection) November 2011

This report has been prepared on the basis of the limitations set out on page 13

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Introduction	<p>As part of the 2011/12 Internal Audit Plan, agreed by the Audit and Pensions Committee on 17 February 2011, we have undertaken an internal audit of Client Affairs (Property Protection).</p> <p>This report sets out our findings from the internal audit and raises recommendations to address areas of control weakness and / or potential areas of improvement.</p> <p>The agreed objective and scope of our work is set out in the Audit Brief issued on 10 August 2011.</p>
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Audit Opinion & Direction of Travel	None	Limited	Substantial	Full
				

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
			Priority 1	Priority 2	Priority 3
Referrals			0	2	0
Recording of Items			0	3	0
Safeguarding of Premises and Items			0	2	0
Disposal of Items			1	0	0
Cessation of Property Protection		*	0	0	0

*Weaknesses in this area are identified in the recommendations for the other areas

Please refer to the attached documents for a definition of the audit opinions, direction of travel, adequacy and effectiveness assessments and recommendation priorities.

Key Findings	Key Statistics			
<ul style="list-style-type: none"> Procedure notes do not include all relevant procedures such as disposal of items; Property Record Receipts detailing the items collected were completed in five of five cases tested but were only signed off by one staff member; The referrals and property spreadsheets recording case details were not updated for all relevant cases; Items are stored securely in 145 King Street where only the Client Team have access but a periodic check to confirm all items are still present is not undertaken; Case status was not evidenced as reviewed in three instances and last review, as documented on the referral spreadsheet, was July 2011 in 17 instances. We were informed these are informally discussed; and Disposals are not authorised by the Principal Client Affairs Officer and disposal procedures are not included in the policies and procedures. 	Number of referrals			
	Ref Type	2009/10	2010/11	2011/12*
	Funeral	34	40	10
	Hospital Funeral	9	12	6
	Property Protection	48	43	23
Pets Property Protection	6	12	4	
Store Property protection	6	4	3	
Grand Total		103	111	46
* referrals to end of July for 2011/12.				

Summary Findings**of Referrals**

A referral form (RS108) was provided to the Client Affairs Section in all five cases tested. A referral spreadsheet is completed but it is not updated on a regular basis and does not include information of who referred the case.

One recommendation has been raised as a result of our work in this area.

Recording of Items

The Client Affairs Service Policies and Procedures were updated in July 2011 but these have not yet been formally reviewed. The procedure notes do not include all relevant procedures such as disposal of items.

The items collected at the client property are recorded on the property record/receipt which includes the names of two Client Affairs Officers. However, the property record/receipts were signed by one officer only.

In addition, photographs should be taken of properties where a health and safety risk exists but this process is not reflected within the procedure notes.

Recommendations have been raised as a result of our work in this area.

Safeguarding of Premises and Items

Items are stored at 145 King Street or at Ravenscourt Park Storage free of charge. Collected cash is paid into the cashiers and paying in slips are retained on file. Items in two of five cases tested were not found in the storage. Discussions established that these were returned to the client but this was not documented.

During the audit we identified that a property spreadsheet detailing the storage location for items under each case was not updated to also include the disposal date, status of the case and case number.

In addition, periodic checks to confirm that the items are still in storage were not being undertaken.

Recommendations have been raised as a result of our work in this area.

Disposal of Items

Items to be disposed are provided to a dealer who disposes of them on behalf of the Council. The valuation and disposal procedures are not documented in the policies and procedures. In addition, the disposals are not authorised by the Principal Client Affairs Officer and records of these are not kept.

The Client Affairs team do not obtain evidence from the dealer demonstrating how much each item was sold for. In addition, the team have used the same dealer for approximately 20 years and have not reviewed the arrangement to confirm that it continues to offer value for money.

In all five cases tested, there did not appear to be any high value items as per the property records/receipts.

One recommendation has been raised as a result of our work in this area.

Cessation of Property Protection

Items returned to the client were not recorded on the referral spreadsheet and the status of client accounts were not reviewed on a regular basis across all cases.

One recommendation has been raised as a result of our work in this area.

Acknowledgement

We would like to thank the management and staff of the Client Affairs team for their time and co-operation during the course of the internal audit.

1. Review of Procedures

Priority	Issue	Risk	Recommendation	
2	<p>The Client Affairs Service Policies and Procedures were updated in July 2011, but these have not yet been formally reviewed.</p> <p>Furthermore, the following exceptions were identified:</p> <ul style="list-style-type: none"> The recording items process and the type of items that should be stored are not detailed within the procedure; Photographs were not taken in all cases as required by the Client Affairs Service Policies and Procedures. Photographs were only taken if the property was a health and safety risk assessment; The procedure states that items are stored for a month free of charge at Ravenscourt Park and then transferred to a central storage. This does not occur in practice, with three out of the five items tested having been stored up to 3 to 4 months and one out of five items for 7 months free of charge; and The disposal policies and procedures are not formally documented. 	<p>Where procedure notes are not regularly reviewed, updated and evidenced as such or do not contain guidance on all tasks undertaken, there is a risk that staff follow incorrect or out-of date working practices.</p>	<p>Procedure notes should be regularly reviewed and updated where appropriate. Evidence of this should be retained for example through the use of version control. The policies and procedures should be updated to include:</p> <ul style="list-style-type: none"> The correct procedure for taking photographs; The procedure for disposal of items, including retention periods and the nature of items to be retained; The requirement for two officers to sign off the property record/receipt where practical; How to complete the property receipt; How items should be recorded on the property spreadsheet; and Storage at Ravenscourt Park. 	
Management Response			Responsible Officer	Deadline
<p>Agreed. And all recommendations are implemented. The procedures have been updated and are attached. Details of the disposal of items are accessed via the referral register.</p>			Principal Client Affairs Officer	08/11/2011

2. Review of Referral Spreadsheet

Priority	Issue	Risk	Recommendation	
2	<p>Through examination of the referral spreadsheet, we identified the following exceptions:</p> <ul style="list-style-type: none"> Columns that were not fully completed with current information; Four out of five disposal dates were not recorded; and Items returned are not recorded within the referral spreadsheet under the remarks column for all cases. 	<p>Where the referral spreadsheet is not updated, there is a risk that referrals are not processed promptly or at all. There is an additional risk that properties may not be secured promptly leading to a risk of theft, vandalism or hygiene issues with relation to perishable items.</p>	<p>The Client Affairs Officer should update the referral spreadsheet on a periodic basis for all relevant and required information.</p>	
Management Response			Responsible Officer	Deadline
Agreed... The recommendation is implemented.			Principal Client Affairs Officer	10/10/2011

3. Periodic review of property protection cases

Priority	Issue	Risk	Recommendation	
2	<p>Three out of the thirty one cases recorded on the referrals spreadsheet had no review dates recorded on the referral spreadsheet and the last review date was July 2011 in seventeen cases.</p> <p>Discussions established that all cases have been verbally discussed amongst the team on an ongoing basis but not formally documented within the referral spreadsheet.</p>	<p>Where referrals are not reviewed regularly, there is a risk that referrals are not promptly processed and premises are not secured.</p> <p>In addition, where review is not undertaken periodically, the need to cease property protection may not be identified.</p>	<p>Property Protection case review dates should be documented in the referral spreadsheet to evidence that a review has taken place.</p> <p>The cases should be reviewed on a monthly basis.</p>	
Management Response			Responsible Officer	Deadline
Agreed. The recommendation is implemented and the information can be accessed via the referral register.			Principal Client Affairs Officer	31/10/2011

4. Property record/receipt should be completed and signed by two Client Affairs Officers

Priority	Issue	Risk	Recommendation	
2	<p>For the five property protection cases tested, the following exceptions were identified:</p> <ul style="list-style-type: none"> Two of five property record/receipts tested were not completed by two officers. One of the cases (2693) relates to items that were brought in by a client but only verified by one officer. Another case (2681) had two visits but only one receipt form dated 13/07/2011. The visit on 27/05/2011 had an email confirmation of items found and was completed by one officer rather than two (case number 2681); and All five cases were signed by one Client Affairs Officer only. 	<p>Where it cannot be clearly demonstrated that items were recorded upon entering the premises by two officers, there is a risk that family members may accuse staff of stealing, damaging or failing to adequately secure items resulting in reputational damage and claims against the Council.</p>	<p>Two officers should be present when items are collected.</p> <p>Staff should be reminded that the property record/receipt should be signed by both Client Affairs Officers undertaking the visit / collecting items where practical.</p>	
Management Response			Responsible Officer	Deadline
Agreed & Implemented			Principal Client Affairs Officer	10/10/2011

5. Review of Property Spreadsheet

Priority	Issue	Risk	Recommendation	
2	<p>The five cases from the referral spreadsheet tested (2699, 2693, 2698, 2710 and 2681) could not be found on the Property spreadsheet.</p> <p>Discussions with the Principal Client Affairs Officer established that the spreadsheet may not have been updated with these cases. Two of these cases date back to May 2011.</p> <p>Furthermore, the property protection document was not password protected and was saved on the shared drive.</p> <p>It should be noted that information on property stored is recorded on individual property record/receipts.</p> <p>In addition, we could not establish the dates of when the items were stored in the cupboard, disposed and returned to clients.</p>	<p>Where the property spreadsheet is not kept up to date there is a risk that all items may not be accurately accounted for increasing the risk of loss or theft. Items may not be returned to clients appropriately or disposed of in a timely manner, which may result in reputational loss to the Council.</p>	<p>The property spreadsheet should be reviewed and updated to ensure all cases and property is recorded, including details of when the items were stored, disposed or collected.</p> <p>The document should be password protected to maintain integrity of the data and confidentiality of clients.</p>	
Management Response			Responsible Officer	Deadline
Agreed. & recommendation implemented. Can be accessed via the referral register.			Principal Client Affairs Officer	01/12/2011

6. Detailed case reports

Priority	Issue	Risk	Recommendation	
2	In two of the five cases, the items returned to the Social Worker or client could not be verified. Items were not present in storage and discussions established they had been returned; however this was not evident from the case report (cases 2699 and 2683).	Where case reports do not provide information on items collected or disposed of during the visit, there is a risk that items cannot be located and future family claims result in financial loss to the Council.	Staff should be reminded of the requirement to include a summary of items disposed of on the case report.	
Management Response			Responsible Officer	Deadline
Agreed. Now implemented. More detailed case reports being written.			Principal Client Affairs Officer	10/10/2011

7. Periodic checks on items within storage/cupboard

Priority	Issue	Risk	Recommendation	
2	Discussions established that periodic checks of items within the storage / cupboard against the Property spreadsheet records were not undertaken.	Where the items in storage are not periodically checked against the Property spreadsheet, there is a risk that stolen or moved items may not be identified promptly. This may lead to reputational loss where items cannot be returned to relatives.	Periodic checks of items within the cupboard/storage against the Property spreadsheet should be undertaken on a regular basis. Evidence of this check should be retained.	
Management Response			Responsible Officer	Deadline
Agreed. This has been implemented. With a review date in the referral register.			Principal Client Affairs Officer	01/12/2011

8. Item valuations and disposals

Priority	Issue	Risk	Recommendation	
1	<p>Items to be disposed of are provided to a dealer who disposes of the items and pays the Council the proceeds.</p> <p>Discussions established that:</p> <ul style="list-style-type: none"> Item disposals are not formally approved; The Client Affairs team do not obtain evidence from the dealer demonstrating how much each item was sold for; and The team have used the same dealer for approximately 20 years and have not reviewed the arrangement to confirm that it continues to offer value for money. <p>The team do not keep records of the items that have been disposed of.</p> <p>In all five cases tested, there did not appear to be any high value items as per the property records/receipts.</p>	<p>Where assets are not disposed of (sold/liquidated) in an appropriate manner, there is a risk that the maximum value of the items may not be realised or that these items should not have been disposed of.</p> <p>Where records of these disposals are not maintained, there is a risk that the Council may not be able to provide a full account of items that are no longer in storage.</p>	<p>Disposal of items and the disposal method should be subject to formal approval. Records of the items disposed of and disposal date should be maintained. This may be recorded on the Property Spreadsheet.</p> <p>Where items are to be sold through the dealer, a breakdown of item valuations should be requested and approved before proceeding with the sale.</p> <p>The arrangement with the current dealer should be reviewed to gain assurance that it continues to be an appropriate arrangement and offers value for money</p>	
Management Response			Responsible Officer	Deadline
Agreed. First two points of the recommendation. The arrangement with the dealer will be reviewed as part of the Tri-Borough Proposals in accordance with the Tri-Borough implementation timetable.			Principal Client Affairs Officer	1&2. 10/10/2011 3. 01/04/2013

Statement of Responsibility

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

The matters raised in this report are only those which came to our attention during the course of our internal audit 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 internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system. The assurance level awarded in our internal audit report is not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

Deloitte & Touche Public Sector Internal Audit Limited

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