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Health Service Executive

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**INTERNAL AUDIT REPORT**

**PATIENT PRIVATE PROPERTY – ST. JOSEPHS CARE CENTRE LONGFORD**

**REF: TM003CHO80721**

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## Executive Summary

### Patient Private Property – St. Josephs Care Centre Longford

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#### I. Audit Objective

The objective of the audit was to determine whether the Patient Private Property accounts at St. Josephs Care Centre Longford are managed and administered in line with HSE National Financial Regulation – Patient Private Property NFR 22.

#### II. Audit Assurance Level

The audit findings indicate that the level of assurance that may be provided to management about the adequacy and effectiveness of the governance, risk management and internal control system in the area reviewed is **MODERATE**.

#### III. Key Audit Findings

The audit findings are detailed in the main body of this report and key findings are summarised below.

- Official Withdrawal forms were not always used for recording and authorising client withdrawals for 3<sup>rd</sup> Party Payments. (Finding 1)
- Access to the PPP bank accounts needs to be reviewed as current access is for four staff with two staff below Grade 6 level. (Finding 4)

#### IV. Table of Recommendations

The number of audit recommendations by ranking level is summarised below. Details of the recommendations are given in Section VI of the main report.

	Recommendations	Of which Potentially Systemic
HIGH	1	-
MEDIUM	1	-
LOW	-	-
<b>Total</b>	<b>2</b>	-

## Main Report

# Patient Private Property – St. Josephs Longford

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### I. Background

St. Joseph’s Care Centre Longford has 67 long stay beds and 1 palliative care bed. In addition the hospital also provides day care services to the local community.

The HSE operates in excess of 15,000 Patient Private Property Accounts across more than 170 locations nationally. These accounts are generally held on behalf of clients who are in long term residential care.

The PPP Account Central Unit (PPPA CU) based in Tullamore is the National co-ordinating unit for PPP. Department of Social Protection Allowances are also received by the PPPA CU weekly and lodged to each client’s PPP Account. The weekly statutory charge levied on each client is deducted and comforts monies are provided for each client to their Care Centre.

The local Care Centre holds PPP ledger accounts and these provide an audit trail of activity on client accounts. Each client is provided with their own ledger account and these ledger balances and the locally held PPP Bank Account are reconciled on a monthly basis. This local PPP process was audited as part of this review.

The table below shows a breakdown of the number, type and status of the PPP accounts held at St. Joseph’s Care Centre Longford. (Data as at 31/12/2020).

Care Centre Name	Total No. of PPP Accounts	Active	Total Value of PPP Accounts
St. Joseph’s Longford	54	54	€86,979

### II. Audit Objective

This audit was carried out as part of the agreed audit plan for 2020.

The objective of the audit was to determine whether the Patient Private Property accounts are managed and administered in line with HSE National Financial Regulation – Patient Private Property NFR 22 at St. Josephs Longford.

Management are responsible for the system of governance, risk management and internal controls. The audit work was designed to provide reasonable but not absolute assurance to management about the adequacy and effectiveness of the system as applicable to the audit subject area, and does not necessarily identify all weaknesses which may exist. This report is intended solely for the use of HSE and should not be relied on by anyone else.

### III. Audit Scope and Methodology

The scope of the audit is Patient Private Property transactions in St. Joseph’s Care Centre Longford during the year 2019 and 2020. The population for audit sampling purposes was all PPP accounts held at the location during the audit period.

The methodology used for this review was as follows:

- Discussions with management at the location.
- Detailed testing of a sample of PPP Accounts to ascertain compliance with the various control tests listed in the audit work programme.
- Testing of controls employed at the location in relation to PPP.

The draft audit report was provided to management to confirm the factual accuracy of the findings and their acceptance of the recommendations. Responses received were considered by Internal Audit and reflected in the final report as appropriate at Section VI below.

#### **IV. Ranking of Audit Recommendations - Definitions**

The audit recommendations to address findings on control weaknesses and the related risk implications are ranked High, Medium or Low, as described below.

<b>HIGH</b>	The recommendation addresses a significant risk of substantial financial loss, and/or of accounting error, and/or of major non-compliance with procedures, policies or regulations, and requires immediate action.
<b>MEDIUM</b>	The recommendation addresses a moderate risk of financial loss, and/or of accounting error, and/or of non-compliance with procedures, policies or regulations.
<b>LOW</b>	The recommendation addresses a minor risk of financial loss, and/or of accounting error, and/or of non-compliance with procedures, policies or regulations, but where controls or compliance can be improved.

**Potentially systemic** audit recommendations arise where audit findings identify risks or control weaknesses which may, in the opinion of the auditors, be replicated regionally or nationally, and which are sufficiently significant to be brought to the attention of regional or national management.

Where recommendations may have systemic implications, the rankings are shown as High (S), Medium (S) or Low (S).

#### **V. Audit Assurance Levels - Definitions**

The auditor expresses an overall opinion, based on the audit findings, on the level of assurance that may be provided to management about the adequacy and effectiveness of the system of governance, risk management and internal controls in place for the subject areas within the scope of the audit. The assurance levels are defined as follows.

<b>UNSATISFACTORY</b>	There are weaknesses in the system of governance, risk management and controls which create a serious and substantial risk that the system will fail or has failed to meet its objectives. Urgent action is required to improve the adequacy and/or effectiveness of the system.
<b>LIMITED</b>	There are weaknesses in the system of governance, risk management and controls which create a significant risk that the system will fail to meet its objectives. Action is required to improve the adequacy and/or effectiveness of the system.
<b>MODERATE</b>	There are weaknesses in the system of governance, risk management and controls which create a moderate risk that the system will fail to meet its objectives. Action is required to improve the adequacy and/or effectiveness of the system.
<b>SATISFACTORY</b>	Overall there is an adequate and effective system of governance, risk management and controls. Some improvements may be required to enhance the adequacy and/or effectiveness of the system.

## **VI. Audit Findings and Recommendations**

Listed hereunder are the audit findings and risk implications, together with the audit recommendations and implementation dates agreed by management.

Audit Findings	Risk Implications	Recommendations	Management Comment
<p><b>1. Procedures for withdrawal of client funds in favour of third party</b></p> <p>The HSE National Financial Regulation – Patient Private Property NFR 22 sets out a single approach to the managements and administration of PPP accounts.</p> <p>Internal Audit tested the operation of this policy across 20 PPP accounts with transactions in 2019 and 2020 at St Josephs Longford.</p> <p>2 clients had withdrawals recorded in favour of a third party. 6 payments to third parties were noted and the results of detailed testing highlighted:</p> <ul style="list-style-type: none"> <li>For 4 out of 6 withdrawals – withdrawal forms were used.</li> <li>For the remaining 2 withdrawals forms were not used. 1 withdrawal was in favour of a household utility was not signed but a note was present on the bill detailing payment details. The 2<sup>nd</sup> withdrawal was for a utility bill and was signed.</li> </ul>	<p>Risk of misappropriation of client funds and non compliance with PPP guidelines.</p>	<p><b>Recommendation 1:</b> <b>MEDIUM</b></p> <p>Management should ensure that all withdrawal from client PPP accounts are recorded on official withdrawal forms which are completed and authorised in full.</p> <p><b>Responsible Officer:</b> Senior Assistant Older Persons Services</p> <p><b>Implementation Date:</b> 30<sup>th</sup> September 2021.</p>	<p>Agreed.</p>
<p><b>2. Lodgement and banking arrangements</b></p> <p>Upon reviewing banking arrangements Internal Audit noted that lodgements are made weekly via contracted security firm. The banking mandate was updated during the review period. The bank mandate dated 24<sup>th</sup> January 2019 listed 4 staff members as bank signatories. The grades of staff members were Grade 3, Grade 5, Grade 7 and Grade 8. Following audit fieldwork local management provided Internal Audit with an updated back mandate dated 19<sup>th</sup> February 2021. This mandate listed 3 staff members as back signatories. The grades of staff were DON, Grade 3 and Grade 5. The HSE national financial regulation recommends the 2 bank signatures to be at grade 6 or above.</p>	<p>Risk of misappropriation of client funds and non compliance with PPP guidelines.</p>	<p><b>Recommendation 2:</b> <b>High</b></p> <p>Management should review current bank mandates and ensure the number of bank signatures is reduced as low as possible and at grade 6 or above. If operationally impractical management should seek derogation from this requirement.</p> <p><b>Responsible Officer:</b> Senior Assistant Older Persons Services</p> <p><b>Implementation Date:</b> 30<sup>th</sup> September 2021</p>	<p>Agreed.</p>

Audit Findings	Risk Implications	Recommendations	Management Comment
<p><b>3. Enduring Power of Attorney (EPA), Ward of Court (WOC), and/or Next Friends arrangements .</b></p> <p>Internal Audit reviewed the client files at St. Josephs to determine whether any clients were covered under Enduring Power of Attorney (EPA), Ward of Court (WOC), and/or Next Friends arrangements at the care centre. Of the 50 active PPP accounts held at St. Joseph’s, 1 such arrangement was identified. Internal Audit tested this client to determine whether their status was correct. No issues were noted with the sample tested.</p>	N/A	N/A	N/A
<p><b>4. Written Procedures</b></p> <p>Internal Audit reviewed the availability of written procedures at St. Joseph’s and tested to ensure any deviations from the policy are agreed with the Assistant National Director of Finance. A full set of written procedures were in place including guidance documents and sample forms.</p>	N/A	N/A	N/A
<p><b>5. Capacity Assessments</b></p> <p>As part of this review Internal Audit reviewed 2 clients from the audit sample of 20 clients where lack of capacity was noted. For both clients back-up for capacity assessments were held on file. Management informed Internal Audit that clients are monitored regularly and if formal assessments are needed they are requested from a GP. No issues were noted with the sample tested.</p>	N/A	N/A	N/A
<p><b>6. Client Fund Transfers</b></p> <p>As part of this review Internal Audit tested a sample of 10 fund transfers to determine whether fund requests are made in line with NFR22. Back-up was available for all transfers and no issues were noted with the sample tested.</p>	N/A	N/A	N/A



Audit Findings	Risk Implications	Recommendations	Management Comment
<p><b>7. Client Withdrawals</b></p> <p>Internal Audit reviewed withdrawals of client funds to ensure access to PPP funds is for the benefit of the client. A sample of 10 client files were reviewed. All items purchased using client funds were deemed necessary for client care. No issues were noted with the sample tested.</p>	N/A	N/A	N/A
<p><b>8. Withdrawals over €5,000 for clients without capacity</b></p> <p>Internal Audit reviewed withdrawals from clients without capacity and tested to ensure if court direction was obtained for withdrawals over €5,000. No accounts reached the €5,000 threshold, no issues were noted with the sample tested.</p>	N/A	N/A	N/A
<p><b>9. Receipt Book</b></p> <p>As part of this review Internal Audit tested to ensure an official receipt book is kept at the location. A separate PPP receipt book is maintained at St. Josephs. No issues were noted with the sample selected.</p>	N/A	N/A	N/A
<p><b>10. Funds / property of Deceased Clients</b></p> <p>Internal Audit reviewed funds/property of deceased clients to ensure it was transferred correctly without any undue delay. No funds belonging to deceased clients were held. 2 clients out of the audit sample of 20 had died during July 2020. Back up documentation from legal firms acting for the estate of the deceased was held on file. No issues were noted for the sample tested.</p>	N/A	N/A	N/A
<p><b>11. Monthly Reporting</b></p> <p>Internal Audit reviewed monthly reporting requirements at St. Joseph's to ensure these were being complied with. Ledger listings and control account balances are reconciled to bank account reconciliations and reported to central finance on a monthly basis. No issues were noted with the sample selected.</p>	N/A	N/A	N/A

Audit Findings	Risk Implications	Recommendations	Management Comment
<p><b>12. Security of Client Property</b></p> <p>As part of this review Internal Audit examined security measures to ensure physical security measures are adequate to safeguard client property held at St. Josephs. Following discussions with local management Internal Audit was informed that no client property is held. Clients upon admission are requested to leave valuables with family members for safe keeping. A small amount of cash is retained in the safe as per a HIQA recommendation so that clients have access to funds if needed at weekends.</p>	N/A	N/A	N/A

**VII. Summary of Recommendations with Implementation Plan**

Rec. No.	Audit Finding	Recommendation	Ranking	Responsible Person	Implementation Date
1	1	Management should ensure that all withdrawal from client PPP accounts are recorded on official withdrawal forms which are completed and authorised in full.	MEDIUM	Senior Assistant Older Persons Services	30 <sup>th</sup> September 2021.
2	2	Management should review current bank mandates and ensure number of bank signatures is reduced as low as possible and at grade 6 or above. If operationally impractical management should seek derogation from this requirement.	High	Senior Assistant Older Persons Services	30 <sup>th</sup> September 2021.