

**Report for:** Audit Committee – 29 January 2026

**Item number:** 7

**Title:** Financial Assessments Audit – Update & Adult Social Care Income Collection

**Report authorised by:** Corporate Director for Adults, Housing and Health and Corporate Director of Finance and Resources

**Lead Officer:** Becky Cribb and Bev Winters

**Ward(s) affected:** All

**Report for Key/Non Key Decision:** Non Key Decision

### **1. Describe the issue under consideration**

This report provides an update to Audit Committee on progress against the recommendations arising from the Internal Audit Review of Financial Assessments (FA) of Clients (final report issued December 2024), which concluded with a Limited Assurance opinion. It also sets out the current position in relation to Adult Social Care (ASC) income collection and debt recovery.

The report is intended to:

- Clarify the distinction between the historical position reflected in the audit findings and the current operational position;
- Highlight progress made both directly in response to audit recommendations and through the wider ASC Improvement Plan and associated governance arrangements; and
- Provide transparency on the remaining risks, dependencies and areas of continuing focus

The audit review was undertaken during 2024 and was largely based on testing of arrangements and case samples from periods prior to July 2024, including historic activity pre-dating the implementation of the council's new ASC case management and finance systems, LAS and ContrOCC. The findings therefore reflect a point in time assessment of controls, data quality, system functionality and management oversight.

The audit identified a number of areas where controls were not sufficiently mature or consistently applied at that time, including:

- inconsistent identification and follow-up of unpaid invoices, particularly lower-value debt
- limited routine reporting of financial assessment performance and debt to senior management
- system and data quality limitations across LAS, ContrOCC and SAP
- a backlog of clients without a completed financial assessment
- weaknesses in documentation, evidence retention and aspects of client engagement

A total of 23 recommendations were made, covering monitoring, reporting, policy, procedures and individual cases.

The service recognised the risks identified by auditors. However, it is important to note that many of the issues highlighted were already subject to active work at the time of the audit fieldwork and have since been progressed further through the ASC Improvement Plan and strengthened governance arrangements.

## **2. Cabinet Member Introduction**

*Not applicable.*

## **3. Recommendations**

The Audit Committee is asked to:

1. Note progress made against the Financial Assessment Audit recommendations, as summarised in this report.
2. Note the updated position on Adult Social Care income collection and debt.
3. Note the integration of audit actions within the ASC Improvement Plan and governance arrangements.

## **4. Reasons for decision**

The Internal Audit review of Financial Assessments concluded with a Limited Assurance opinion and included a requirement for management to provide periodic updates to the Audit Committee. This report provides assurance on progress against the agreed recommendations and on the effectiveness of actions taken to address the risks identified at the time of the audit.

The report also enables the Committee to understand how audit-related actions are being delivered through the ASC Improvement Plan and existing governance arrangements, and to maintain oversight of the ongoing risks relating to financial assessments, income collection and debt recovery.

## **5. Background information**

### **5.1 Overview of FA Audit findings and progress**

The audit made 23 recommendations across four themes:

- Monitoring & Evaluation
- Reporting
- Policy & Procedures
- Individual Cases

Progress against audit recommendations is tracked centrally and summarised in Appendix

1. As at January 2026:

- 13 recommendations are complete
- 10 recommendations are in progress
- 0 recommendations have not started

While some recommendations remain in progress, this is largely due to:

- Dependencies on system configuration, data cleansing and corporate system interfaces;
- The planned refresh of policy documentation in 2026/27 to ensure compliance, consultation and legal robustness; and
- The complexity of a small number of high-value historic cases.

### ***Monitoring & Evaluation – Progress Against Audit Findings***

Significant progress has been made in strengthening monitoring and evaluation arrangements.

#### **Completed actions include:**

- Financial assessment metrics are now embedded within DASS Assurance Reports, providing regular senior management oversight;
- Performance data, including backlog levels, open assessments and reviews, is routinely reviewed through ASC performance call-overs; and
- Aged debt reporting is undertaken on a routine basis, with agreed escalation routes between ASC, Finance and Corporate Debt Management.

#### **Actions in progress include:**

- Data cleansing to resolve duplicate and “set to ignore” cases;
- Embedding a quarterly complaints learning cycle; and
- Establishing full visibility of the value associated with ignored and duplicate cases, dependent on completion of system cleansing.

These arrangements represent a substantial strengthening of operational oversight compared to the position identified at the time of the audit.

### ***Reporting – Progress Against Audit Findings***

The audit identified gaps in the availability and consistency of reporting to support assurance and management decision-making.

#### **Completed actions include the development of routine reporting on:**

- Clients receiving care without a completed financial assessment;
- The cost of care packages without an assessment; and
- Overdue and completed financial assessment reviews.

#### **Actions in progress include:**

- Completion of bespoke timeliness reporting, covering authorisation to client engagement and assessment completion; and
- Further dashboard enhancements, improving visibility at individual case level.

These improvements provide clearer and more consistent reporting lines through operational, senior management and audit governance structures.

### ***Policy & Procedures – Progress Against Audit Findings***

Progress has been made in strengthening the policy and procedural framework underpinning financial assessments and debt management.

- Regular ContrOCC training and refreshed operational guidance are now in place;
- A comprehensive Standard Operating Procedure (SOP) covering the end-to-end financial assessment and debt pathway is being finalised; and
- A full Charging Policy refresh is planned for 2026/27, including statutory consultation and an Equalities Impact Assessment.

This phased approach ensures procedural improvements are legally robust and embedded sustainably into business-as-usual practice.

#### ***Individual Cases – Progress Against Audit Findings***

The audit identified **five high-priority individual cases** requiring enhanced oversight.

Of these:

- Three cases are now complete; and
- Two cases remain in progress, including the most complex case, which has reduced from £427,000 to £299,000 and is progressing through legal and appointeeship routes.

These remaining cases continue to be managed through appropriate legal, safeguarding and governance arrangements, reflecting improved escalation and control rather than unmanaged risk.

#### **5.2 Income Collection – System and Operational Issues**

Whilst the system generated reported income commitment, as at Period 9 (end of December), is £15.4m, the current forecast is £13.2m which reflects adjustments to reflect full charges made where financial assessments have been completed where financial information has not been provided, timing issues and system interface issues that need to be reconciled.

Actions underway:

- Reconciliation work between LAS and SAP.
- Band 21 client reassessments.
- Continued training and system fixes linked to ContrOCC and LAS.

#### ***Backlog of Financial Assessments***

- In June 2024, 794 clients were receiving care without a financial assessment.
- As of January 2025, the backlog has reduced to 415 and work has commenced on 288 of the remaining cases.

#### **5.3 ASC Debt Position**

Overall ASC client debt

- In June 2024, outstanding debt was £10.7m but this has increased to £15.5m as at end of December 2025 (up from £15.3m in November). This increase reflects:
  - The completion of financial assessments for previously unassessed clients.
  - Complex high-value cases progressing through legal and safeguarding pathways.

#### Legal and high-risk cases

- 46 cases allocated to Legal, totalling £3.217m, compared with 12 cases (£876,000) last year - reflecting a significant increase in case complexity and escalation. Legal engagement is active on the highest value cases, including those identified in the previous internal audit.

#### Deceased accounts

- These will be referred to external solicitors for triage and recovery assessment.

#### Deferred Payment Agreements (DPAs)

- 3 active DPA accounts.
- 5 pending consideration.

#### Impact of new recovery capacity

- Two new debt recovery officers have recovered £337,000 of previously unworked debt due to historic resourcing gaps.

#### Aged debt

- New targeted exercise to recover historic debt from a cohort of 1,078 clients. Total aged debt is £13.335m, of which £1.4m has been recovered to date.

This demonstrates measurable progress but highlights the scale of remaining debt and the need for sustained focus.

The following priority actions will be progressed to consolidate improvements made to date and further reduce risk across financial assessments and income collection. These actions are underpinned by targeted investment in additional capacity across financial assessment and debt recovery functions.

- The proposed introduction of Variable Direct Debit which is a key preventative control to reduce future arrears and improve income certainty. This is expected to be in place by July 2026.
- Debt discussions and charging information will be brought forward to the earliest point in the care pathway, improving transparency for individuals and families and reducing the likelihood of future arrears. This will be reinforced through operational guidance and performance oversight.
- The planned establishment of Service Level Agreements (SLAs) across the Adult Social Care service, Finance and Legal teams to formalise expectations in relation to case hand-offs, escalation thresholds, response times and assurance responsibilities, strengthening end-to-end control over high-risk and high-value cases. These are due to go live in February 2026.
- The end-to-end Financial Assessment and Debt Statement of Practice will be finalised and embedded, supported by ongoing ControCC training. The Charging Policy refresh in 2026/27 will ensure statutory compliance, legal robustness and

transparency, including consultation and Equalities Impact Assessment. Due to be implemented from February/March 2026.

- Continued focus on data cleansing and system configuration will improve the reliability of reporting, including full visibility of duplicate and “set to ignore” cases and their associated values. These actions are critical enablers for sustained monitoring and assurance.

A significant proportion of the improvements referenced in this report are being delivered through the ASC Improvement Plan and its established governance arrangements. Audit actions will continue to be aligned to this framework to ensure clear ownership, avoid duplication, and secure sustainable business-as-usual practice rather than short-term compliance.

## **7. Carbon and Climate Change**

Not applicable.

## **8. Statutory Officers' Comments**

### **Finance**

The actions set out support improved accuracy, completeness and timeliness of income collection, and mitigate the financial risks identified in the audit. No direct additional financial implications arise from this report.

### **Procurement**

No procurement implications.

### **Legal & Governance**

The work aligns with statutory responsibilities under the Care Act 2014 and supports improved governance and compliance in ASC.

### **Equalities**

Any changes to policies (e.g., Charging Policy refresh 2026/27) will require an Equalities Impact Assessment.

## Appendix 1 – Financial Assessments Audit Recommendations: Progress Update

Ref	Observation / Risk	Audit Recommendation	Priority	Management Response	Timescale / Responsibility	Delivery Progress
1.1	Incomplete monitoring of rejected and “set to ignore” financial assessment cases; data cleansing required.	Investigate rejected cases; monitor “set to ignore” assessments; undertake data cleanse; regular ContrOCC training.	High	Duplicate/ignored cases identified as data cleansing issues; cleansing underway; training embedded.	FA Team – ongoing into 2025/26	In progress
1.2	Open appointments not cleared; risk of inaccurate performance reporting.	Define and communicate process for clearing completed assessments; cleanse open appointments.	High	Process defined; open appointment clearance incorporates regular system checks; further cleansing required.	FA Team – 2025	In progress
2.1	Lack of overdue monitoring for assessments and reviews.	Build reports to monitor overdue financial assessments and annual reviews.	High	Overdue review reports implemented; integrated into monthly dashboards.	Performance Team – complete	Complete
2.2	No reporting of engagement timeliness.	Build timeliness report: package authorisation → FA request → FA start → completion.	High	Bespoke report under development.	Performance Team – 2025	In progress
2.3	Clients receiving care without FA, cost not tracked.	Report on number and cost of care packages without assessments.	High	Reports completed and embedded in dashboards.	FA/Performance Team – complete	Complete
2.4	Limited monitoring of FA team performance.	Incorporate FA performance into DASS Assurance reports.	High	Implemented quarterly as part of DASS framework.	FA Team – complete	Complete
3.1	Inconsistent documentation of Financial Assessment	Define requirements and complete monthly spot checks.	Medium	Requirements to be aligned with new SOP; interim checks in place.	FA Team – 2025	In progress

Ref	Observation / Risk	Audit Recommendation	Priority	Management Response	Timescale / Responsibility	Delivery Progress
	Forms and supporting evidence.					
3.2	Lack of clarity around requirement for signed declarations.	Ensure declaration signed or clearly document desktop approach when CIS data used.	Medium	Incorporated into policy rewrite for 2026/27.	FA Team – 2026/27	In progress
3.3	Charging Policy outdated; processes not standardised.	Refresh Fairer Contributions Policy, including timescales, roles, expectations, reviews, home visits.	Medium	Policy refresh planned as part of 2026/27 cycle, with legal advice on consultation.	FA Team/Legal – 2026/27	In progress
4.1	Lack of analysis of complaints to support learning.	Quarterly complaint analysis; use findings for training and performance improvement.	Medium	New complaints system in place (Infreemation) to support learning capture.	FA/Feedback Team – 2025	In progress
5.1	Unresolved high-value individual cases and insufficient escalation.	Continue escalation on high-risk debts; ensure SAP captures all outstanding amounts; follow legal processes.	High	Three cases completed; two ongoing with legal/appointeeship.	FA Team/Debt Management/Legal – ongoing	In progress
5.2	Long-standing debt not picked up due to SAP limitations (sub-£1k cases).	Improve identification of lower-value unpaid invoices.	High	Issue resolved; cases completed.	FA Team – complete	Complete
5.3	Weak escalation between FA and Debt Management.	Strengthen regular reporting and joint working.	Medium	Quarterly aged-debt reports now produced; debt escalations embedded.	Debt Management Team – complete	Complete