

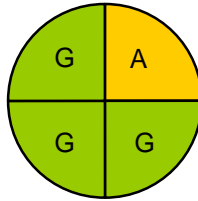
# Internal Audit



## Patients' Private Funds

August 2017

### Report Assessment



This report has been prepared solely for internal use as part of NHS Lothian's internal audit service. No part of this report should be made available, quoted or copied to any external party without Internal Audit's prior consent.

## **Contents**

Introduction .....	1
Executive Summary .....	2
Management Action Plan .....	4
Appendix 1 - Definition of Ratings .....	11

## **Introduction**

The Standing Financial Instructions (SFIs) set out NHS Lothian's responsibility to provide safe custody for money and other personal property handed in by patients or for those patients who are not able to manage them effectively themselves, e.g. adults with incapacity. The SFIs also state that controls should be put in place to achieve these objectives, namely through information provided to staff and patients, the maintenance of effective and up-to-date procedures, and the annual provision of a record of receipts and payments (SFR 19) to the Audit & Risk Committee as part of the annual accounts process.

At the end of 2016-17 funds were held for 315 patients totalling £1.2million. The electronic system Trojan is used to keep track of deposits and withdrawals for each patient, and cash can be provided to patients either by the cashiers or on the ward using funds held securely in ward safes.

Only patients' valuables that are handed over to NHS Lothian and deposited in a safe maintained by either the cashiers or by individual wards are covered by these arrangements.

## **Scope**

The objective of the audit was to evaluate the adequacy and effectiveness of internal controls over patients' private funds.

## **Acknowledgements**

We would like to thank all staff consulted during this review for their assistance and cooperation.

## Executive Summary

### Conclusion

There are in general effective controls over the management of patients' funds and valuables, including the use of procedures, controls for the management of deposits and withdrawals from the cashiers, and the recording of cashier transactions relating to patients' funds using the electronic system Trojan. However, we have noted some areas for improvement including the need to increase wards' compliance with the patients' funds and valuables procedures.

### Summary of Findings

The table below summarises our assessment of the adequacy and effectiveness of the controls in place to meet each of the objectives agreed for this audit. Definitions of the ratings applied to each action are set out in Appendix 1.

No.	Control Objective	Control objective assessment	Number of actions by action rating			
			Critical	Significant	Important	Minor
1	Patients' funds or valuables are appropriately secured to prevent loss or theft.	Amber		1		2
2	Records of funds or valuables are accurate and complete.	Green				
3	Financial plans are in place for patients, where relevant.	Green			1	
4	There are no breaches of legal or regulatory requirements.	Green				1

### Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)

## Main findings

There are procedures in place to control the management of patients' funds and valuables. In addition, there are effective controls in place to manage deposits and withdrawals from the cashiers. Also, there is effective recording of cashier transactions relating to patients' funds using the electronic system Trojan.

We identified one significant issue for improvement during the review:

- NHS Lothian's *Patients' Funds and Valuables Procedure* requires ward staff to manage patients' funds and valuables effectively. This mainly involves completing and signing documentation when the patients are admitted to wards, when they are discharged, when funds are deposited or withdrawn from the cashier, and when funds are deposited or withdrawn from the ward safe. In addition, there should be daily checks to confirm that the ward safe contains the same amount as stated in the ward cash book. However, the review of a sample of wards across the organisation showed that there were several instances of non-compliance with the procedure, including not all wards asking patients for a signed confirmation where the patients have not deposited funds and valuables, and not all wards requiring two members of staff to sign cash reconciliations.

Further details of this significant point, one important point, and three minor points are set out in the Management Action Plan.

## Management Action Plan

**Control objective 1: Patients' funds or valuables are appropriately secured to prevent loss or theft.**

**1.1: Wards are not all fully complying with procedures**

**Significant**

**Observation and Risk:**

NHS Lothian's *Patients' Funds and Valuables Procedure* requires ward staff to manage patients' funds and valuables effectively. This mainly involves completing and signing documentation when the patients are admitted to wards, when they are discharged, when funds are deposited or withdrawn from the cashier, and when funds are deposited or withdrawn from the ward safe. In addition, there should be daily checks to confirm that the ward safe contains the same amount as stated in the ward cash book.

However, a review of a sample of wards across the organisation showed that:

- When patients are admitted to a ward the funds and valuables they wish the ward or the cashier to hold for them should be stated on a form, and if they have no funds and valuables which they wish to store with the ward or the cashier that should also be stated in order to avoid false claims of loss by patients. However, 13 of the 14 wards sampled (93%) stated that they did not ask patients to sign a form if they did not have any funds and valuables they wished to hand over. It should be noted that this approach may not be practical for areas with a high patient throughput
- All wards should have posters informing patients that NHS Lothian will not accept responsibility for any items not handed over for safekeeping. However, although all wards sampled stated that they verbally informed patients of this, 9 of the 14 wards sampled (64%) did not display posters. We found this occurred across all sites
- Keys for the ward safe should be kept separate from other keys in order to reduce the risk of losses. However, 1 of the 12 relevant sampled wards (8%) did not use a key for their safe but rather used a keypad which had a code known to all clinical staff
- Daily checks should be made to ensure that the cash held in the ward safe agrees to that stated in the ward cash book, with two members of staff then signing the ward cash book. However, for 2 of the relevant 12 wards sampled (17%) only one member of staff signed the cash book. The patients' funds money held on these wards was £991.42 and £47.79 respectively.

If ward staff do not comply with the *Patients' Funds and Valuables Procedure* there is an increased risk that patients' funds and valuables are lost.

**Recommendation:**

The Director of Nursing, Midwifery & Allied Health Professionals should contact all wards within the organisation to inform them that the *Patients' Funds and Valuables Procedure* should be fully complied with and, in particular, that all wards should display posters stating that NHS Lothian will not accept responsibility for any items not handed over for safekeeping.

The Director of Nursing, Midwifery & Allied Health Professionals should also remind wards that refresher training can be provided as required.

**Management Response:** Accepted.

**Management Action:** The Executive Director NMAHP will write to all wards through the Associate Nurse Directors and Chief Nurses reminding them of the current policy and the need to adhere to it by the end of September. This will also cover any need for awareness raising / education.

In addition he will seek assurance from all Associate Nurse Directors / Chief Nurses that this has been complied with by the end of October.

**Responsibility:** Executive Director - Nursing,  
Midwifery & Allied Health Professionals

**Target dates:**

- (1) 30 September 2017 – write to Associate Nurse Directors and Chief Nurses
- (2) 31 October 2017 – obtain assurance that there is compliance

<p><b>1.2: Some wards have no interaction with either the cashiers or the Patients' Funds Office</b></p>	<p><b>Minor</b></p>
<p><b>Observation and Risk:</b></p> <p>The majority of wards across the organisation have regular contact with both their local cash office and with the Patients' Funds Office (PFO). This interaction helps to provide the cashiers and the PFO with greater confidence that wards are complying with the <i>Patients' Funds and Valuables Procedure</i>.</p> <p>However, of the 28 sites across the organisation, 5 have no interaction with either the cashiers or the PFO, namely Belhaven Hospital, Edington Day Hospital, Liberton Hospital, St. Michael's Hospital, and Roodlands General Hospital. All of these sites have inpatients, and so there will be funds and valuables stored in the ward safes.</p> <p>If there is no interaction between either the cashiers or the PFO with all wards in the organisation who manage patients' funds and valuables there is an increased risk that there is non-compliance with procedures.</p>	
<p><b>Recommendation:</b></p> <p>The Treasury Team Leader should arrange periodic visits to all wards within the organisation, particularly focusing on sites which have no regular interaction with either the cashiers or the Patients' Funds Office, namely Belhaven Hospital, Edington Day Hospital, Liberton Hospital, St. Michael's Hospital, and Roodlands General Hospital.</p> <p>These audits should be designed to provide sufficient assurance that the <i>Patients' Funds and Valuables Procedure</i> is being complied with throughout the organisation.</p>	
<p><b>Management Response:</b> The Treasury Team leader will arrange periodic visits to wards where long stay patients are treated and whom have no regular interaction with either the Cashiers or the PFO. The Treasury Team Leader will also contact the various Clinical Nurse Managers to seek confirmation that all wards understand the importance of compliance to the procedure and will offer awareness/guidance sessions too.</p> <p><b>Management Action:</b> Treasury Team Leader to contact Clinical Nurse Managers seeking confirmation of compliance and offering awareness / guidance sessions.</p>	
<p><b>Responsibility:</b> Head of Financial Control</p>	<p><b>Target date:</b> 30 November 2017</p>



<b>1.3: Not all transaction sheets were properly authorised</b>	<b>Minor</b>
<p><b>Observation and Risk:</b></p> <p>When patients are admitted to a ward and wish to have their funds and valuables stored with either the cashier or with the ward itself, a form should be completed which contains patient information, relevant dates, details of the funds and valuables, and signatures from the patient and two members of staff. Forms are also completed when the patient wishes to deposit or withdraw money from the cashier, and when the patient is discharged.</p> <p>However, of the 55 forms sampled as part of this audit, 2 (4%) were signed-off by only one member of staff instead of two. Both of these forms related to patient admissions. The reasons given were that another member of staff could not be found to countersign.</p> <p>If patients' funds and valuables documentation is not signed by two members of staff there is an increased risk that transactions are not accurately recorded.</p>	
<p><b>Recommendation:</b></p> <p>The Director of Nursing, Midwifery &amp; Allied Health Professionals should inform all wards of the need to fully comply with the <i>Patients' Funds and Valuables Procedure</i>.</p>	
<p><b>Management Response:</b> Accepted.</p> <p><b>Management Action:</b> The Executive Director NMAHP will write to all wards through the Associate Nurse Directors and Chief Nurses reminding them of the current policy and the need to adhere to it by the end of September. This will also cover any need for awareness raising / education.</p> <p>In addition he will seek assurance from all Associate Nurse Directors / Chief Nurses that this has been complied with by the end of October.</p>	
<p><b>Responsibility:</b> Executive Director - Nursing, Midwifery &amp; Allied Health Professionals</p>	<p><b>Target date:</b></p> <ul style="list-style-type: none"> <li>(1) 30 September 2017 – write to Associate Nurse Directors and Chief Nurses</li> <li>(2) 31 October 2017 – obtain assurance that there is compliance</li> </ul>

**Control objective 2: Records of funds or valuables are accurate and complete.**

We identified no significant issues in relation to this control objective.

There are effective controls in place to record deposits and withdrawals from the cashiers, using the electronic system Trojan. Also, there is effective recording of cash transactions at ward level.

<b>Control objective 3: Financial plans are in place for patients, where relevant.</b>	
<b>3.1: Not all corporate appointeeship documentation is in place</b>	<b>Important</b>
<p><b>Observation and Risk:</b></p> <p>When a patient is not able to deal with their financial affairs the organisation can apply for a corporate appointeeship, in order to allow NHS Lothian to manage the patient's Department of Work and Pensions (DWP) benefits. The application must be signed by a consultant, and requires approval from the DWP. The documentation showing the application from NHS Lothian and the approval from the DWP should then be stored by the Patients' Funds Office (PFO).</p> <p>However, for all 12 corporate appointeeship patients sampled the application from NHS Lothian was not held by the PFO. In addition, for 11 of the 12 patients (92%) the form from the DWP granting corporate appointeeship was also not held, although we confirmed that the funds were being provided. Staff at the PFO stated that they did not know where the forms were, and that they may have been discarded.</p> <p>If corporate appointeeship application and approval forms are not held by the organisation there is reduced evidence that the approval process has been correctly followed.</p>	
<p><b>Recommendation:</b></p> <p>The Treasury Team Leader should ensure that all corporate appointeeship application and approval forms are held by the Patients' Funds Office.</p>	
<p><b>Management Response:</b> We acknowledge that control over recording of corporate appointeeship application is insufficient.</p> <p><b>Management Action:</b> Working with the Strategic Planning and Modernisation Team developing formal process of recording applications for corporate appointeeship and AWI which will include a register of applications.</p>	
<b>Responsibility:</b> Head of Financial Control	<b>Target date:</b> 31 March 2018

Control objective 4: There are no breaches of legal or regulatory requirements.	
<b>4.1: The Patients' Funds &amp; Valuables Procedure is out of date</b>	<b>Minor</b>
<p><b>Observation and Risk:</b></p> <p>The current version of the <i>Patients' Funds and Valuables Procedure</i> was approved in September 2012, and should have been reviewed in September 2015 but that has not yet happened.</p> <p>In addition, at present funds and valuables forms are completed for admissions, discharges, and for any other transaction conducted with the cashiers. However, while forms require that two members of staff sign-off each transaction, there is no statement in the <i>Patients' Funds and Valuables Procedure</i> on what transaction amounts each band of staff has the authority to sign-off on.</p> <p>By reviewing the current procedure, and including a statement on the delegated limits for each band of staff, there will be greater confidence that the procedures are effective in guiding the management of patients' funds and valuables.</p>	
<p><b>Recommendation:</b></p> <p>The Treasury Team Leader should review the <i>Patients' Funds and Valuables Procedure</i>, and should also include in it a statement on the delegated limits for each band of staff.</p>	
<p><b>Management Response:</b> It is acknowledged that the procedure is out of date and a more pro-active approach will be implemented.</p> <p><b>Management Action:</b> Current redrafting of procedure to be completed by end of October '17.</p>	
<b>Responsibility:</b> Head of Financial Control	<b>Target date:</b> 30 November 2017

## Appendix 1 - Definition of Ratings

### Management Action Ratings

Action Ratings	Definition
<b>Critical</b>	The issue has a material effect upon the wider organisation – 60 points
<b>Significant</b>	The issue is material for the subject under review – 20 points
<b>Important</b>	The issue is relevant for the subject under review – 10 points
<b>Minor</b>	This issue is a housekeeping point for the subject under review – 5 points

### Control Objective Ratings

Action Ratings	Definition
<b>Red</b>	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
<b>Amber</b>	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
<b>Green</b>	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)