Internal Audit Report

Management of Resident Funds in Care Homes

18 December 2025

HSC2502

Overall Assessment	Reasonable Assurance

Contents

This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2025/26 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2025. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Global Internal Audit Standards (UK Public Sector) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management's responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Engagement conclusion and summary of findings

The audit concludes that while there is a generally sound system of governance, risk management and control in place for managing resident funds in care homes several areas require improvement to strengthen controls and reduce risks including:

- strengthening the risk management approach for care homes through establishing comprehensive risk registers which include all known risks and action being taken to mitigate these

- ensuring risk registers are in place for all care homes, and supporting understanding of operational risk management through training

- the use of service level agreements to help ensure that the care homes are provided with effective support from other Council functions

- ensuring effective management of procedures including timely review and archiving, ensuring that procedures are comprehensive and provide all relevant requirements, and enhancing training arrangements to help support colleagues undertaking their role

- improving financial controls through implementing thorough reconciliation processes, greater oversight of transactions in the system, and increasing the frequency of notification of changes to bank signatories

- reviewing the contractual arrangements for the Tali system used by care homes, and reviewing system functionality / controls to ensure there are effective audit trails for all transactions.

Areas of effective practice

- there are robust controls over the safe handling and secure storage of residents' cash

- individual residents accounts are held separately within the financial system, and financial records of residents' transactions are easily accessible for residents, their families, and authorised representatives

- other funds (such as Welfare, Petty Cash and Outings funds) are not being used to supplement the resident funds within the care homes reviewed as part of this audit.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Risk Management	🟠	🟠	Finding 1 – Risk Management and Governance Arrangements	Medium Priority
2. Procedures and Training	🟠	🟠	Finding 2 – Procedures and Training	Medium Priority
3. Management of Residents Funds	🔴	🔴	Finding 3 – Financial Controls	High Priority
			Finding 4 – System and Data – Tali System	High Priority

4. Monitoring and Oversight	🟠	🟠	See Finding 3.	As per Finding 3
5. Complaints	🟢	🟢	No issues identified	N/A
6. Information Governance	🟠	🟠	See Finding 2.	As per Finding 2
7. Service Level Agreements and Service Standards	🟠	🟠	See Finding 1.	As per Finding 1

See Appendix 1 for Control Assessment and Assurance Definitions

Background and scope

The Edinburgh Health and Social Care Partnership aims to deliver holistic nursing and social care to 300 citizens across two residential (Ferrylee, and Jewel House), and five nursing Care Homes (Castlegreen, Inch View, Marionville Court, North Merchiston, and Royston), in Edinburgh. Residential homes provide support with personal care and daily activities, while nursing homes offer 24/7 medical care by registered nurses for more complex health needs.

Each Council-run Care Home has a Manager, Depute Manager, Business Support Officer, and Business Support Administrator. Responsibility for the management of residents' funds sits with Business Support Officers, and the process is managed through a mixture of manual and electronic processes.

Pebble's Tali Financial System software was introduced in January 2022 and is used to record incoming and outgoing transactions, reconcile cash and bank accounts, and provide reports on accounts and activity.

Council-wide procedures for cash management and banking are available on the Orb and the Care Home service has its own cash management procedure document which was reviewed and issued to relevant care home staff in July 2025. The cash management procedure states that no resident should go into a negative balance. It also states that the person responsible for managing the resident's cash should be contacted when the residents balance reaches £20 to avoid negative balances.

The key legislation which is applicable to the management of residents' funds within Care Homes is:

- Health and Social Care Act 2008
- The Care Act 2014
- Mental Health capacity act 2005
- Equality Act 2010
- Data Protection Act 2018
- Human Rights Act 1998

- Part 4 of the Adults with Incapacity (Scotland) Act 2000.

The management of residents' finances is included as a 'core assurance' by the Care Inspectorate within their Quality Framework for Care Homes for Adults and Older People, reflecting that it is recognised as a key area where effective policies and procedures must be in place within care homes. Residents being protected from financial abuse or exploitation and receiving the right support to manage their money is also part of the Quality Indicator 1.2: People get the most out of life. Where decisions are being made on behalf of adults with incapacity, adherence to Part 4 of the Adults with Incapacity (Scotland) Act 2000 is required along with the Code of Practice for managers.

Scope

The objective of this review was to assess the adequacy of design and operating effectiveness of the key controls established to ensure resident funds in care homes are managed effectively within individual care homes. The audit reviewed arrangements for a sample of Council-run care homes and considered central oversight and monitoring.

Alignment to Risk and Business Plan Outcomes

The review also provided assurance in relation to the following Corporate Leadership Team (CLT) risk categories:

- Governance and Decision Making
- Financial and Budget Management
- Fraud and Serious Organised Crime
- Reputational
- People.

Business Plan Outcomes:

- Core services for people in need of care and support are improved.

Limitations of Scope

The following areas were excluded from scope:

- payment of Care Home fees, and the financial assessments completed by the Financial Assessment Services Team (FAST), unless our testing highlighted that these are impacting on the Care Homes ability to effectively manage the residents' funds
- the safe storage and inventory of residents' personal valuables.

Reporting Date

Testing was undertaken between 17 July 2025 and 3 October 2025 within three out of the seven Council-run care homes.

Audit work concluded on 8 October 2025, and the findings and opinion are based on the conclusion of work as at that date.

Findings and Management Action Plan

Finding 1 – Risk Management and Governance Arrangements

Finding Rating	Medium Priority

Risk Management

The Care Home Risk Register is used to manage risks affecting care homes as a whole. Some known key risks are not included in the register, for example debt recovery arrangements, and the process to financially assess residents. Care Home management have advised that these risks are outwith their control, and therefore they have not been included in the risk register.

The risk management process is not fully embedded within individual care homes. Only two of three care homes sampled have risk registers in place, with neither of these including risks relating to the management of residents' funds, or fraud risks.

The responsibility for managing the risk register in these two care homes has not been identified, there is no review process in place to determine how often the risk registers should be reviewed, and no documented escalation process for risks which require to be escalated.

Risk Management training on the HSCP Risk Management Framework is still in development and has not yet been rolled out to all relevant care home staff.

Service Level Agreements (SLAs) and escalation arrangements

The care homes rely on work performed by other Council services, for example:

- financial assessments of residents
- family and legal guardian debt recovery
- the movement of funds when responsibility for a resident moves from Social Work to Care Homes
- services provided by the Treasury department, for example bank signatory amendments.

There are no SLAs in place between the care homes and the services which perform this work.

In addition, there is a lack of clarity over the escalation arrangements for some key processes, for example:

- the process to be followed by Business Support where they have issues in obtaining monies from family members or guardians
- issues with identified discrepancies which the software provider for the Tali system cannot resolve.

Risks

- **Governance and Decision Making –** risks are not correctly identified and managed, leading to objectives not being achieved
- **Financial and Budget Management** – there are ineffective financial controls, leading to residents' funds being inaccurately stated
- **Fraud and Serious Organised Crime** – potential fraud is not identified and managed effectively in a timely manner.

Recommendations and Management Action Plan: Risk Management and Governance Arrangements

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	All risks which are known to impact the effective management of residents' funds should be included within the Care Homes Risk Register and within individual care homes' risk registers, and should have associated mitigating actions determined and put in place.	1. Update CEC Care Home Risk Register to include 'effective management of residents funds' and associated actions. 2. Update individual Care Homes Risk Register to include 'effective management of residents funds' and associated actions.	EHSCP Chief Officer	1. Service Manager Care Homes and Business Support Team Manager 2. Care Home Managers	30/01/2026 27/02/2026
1.2	The HSCP Risk Management Process should be fully embedded within all care homes, responsibility for the management of risk registers should be determined, and the review process and risk escalation processes should be fully documented.	Having Risk Management as a standing agenda item at Managers meeting to be implemented. To be discussed at 3 monthly Health & Safety meeting. Process mapping of risk escalation to be created and implemented.		Service Manager Care Homes, Charge Nurse, Rehabilitation Medicine and Business Support Team Manager	31/03/2026
1.3	Risk management training should be undertaken by all Care Home staff who have responsibility for the management of the residents' funds risks.	All Care Home Managers and Business Support Officers have 'Enterprise Risk Management' on role specific learning with a 3 yearly refresh. All staff to refresh, regardless of last time this was completed by January 26. Risk Management session to be arranged and delivered to Care Home Managers and Business Support Officers by Governance & Business Manager.		Service Manager Care Homes and Business Support Team Manager	31/03/2026
1.4	The introduction of Service Level Agreements should be considered with respect to the services provided to care homes by other Council functions.	To consider & review Services provided to Care Homes by other Council functions – in particular FAST & Debt Recovery.		Service Manager Care Homes and Business Support Team Manager	31/03/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.5	A formal escalation process should be introduced to ensure that any issues arising are resolved in a timely manner, which includes issues identified with functions providing a service to the care homes, and within the care homes themselves. This process should be documented and communicated to all relevant Care Home staff.	To agree and develop an escalation process with Senior Management. – covering debt, income maximisation, banking signatories. This will also include internal escalation in relation to non-balancing of accounts.		Service Manager Care Homes and Business Support Team Manager	31/03/2026

Finding 2 – Procedures and Training

Finding Rating	Medium Priority

Procedures

There are cash management procedures in place within the care homes, which have 12 appendices covering processes such as the cash handling, bank account reconciliations, the use of the Tali system, and the management of welfare funds. In addition, there are other key documents in place such as the records management manual.

Some of the procedures are out of date, including:

- Imprest Accounts (Petty Cash), last updated in 2018
- Cash Handling, last updated in 2016
- Bank Account Reconciliation and Administration, last updated in 2015
- the Tali procedure manual, last updated in 2020.

In addition, procedures do not cover all aspects of the process, for example:

- how to use the Pebble / Tali system, including amending and cancelling transactions
- the cash management process
- the records management process.
- the bank signatory process within the Corporate Treasury team
- how to store receipts
- the procedure for dealing with the death of residents
- the procedure for dealing with unallocated funds.

Although there is a suite of procedures on the Council's Orb pages, they do not include the procedures used by care home staff for the management of residents' funds.

Training

The Corporate Training eLearning modules within myLearning Hub are based on the out-of-date procedure documents, for example:

- Cash Handling and Security
- Bank Account Reconciliation and Administration
- Imprest Accounts.

In addition, the training does not provide practical demonstrations of key processes, there is contradictory guidance on how often to complete individual modules, and not all training has been completed by relevant colleagues.

Risks

- **Financial and Budget Management** - lack of end-to-end resident funds procedures and robust training could result in processing errors which could impact on residents' funds
- **Fraud and Serious Organised Crime** – lack of effective procedures and processes to detect fraudulent activity within the management of residents' funds.

Recommendations and Management Action Plan: Procedures and Training

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	The suite of procedures on the Council's Orb pages should be reviewed to ensure that they contain all procedures relevant to the management of residents' funds in care homes.	The data held on Orb are old procedures when Business was held under different Management. A BSO has been identified to be a web co-ordinator to rectify this.	EHSCP Chief Officer	Business Support Team Manager, Care Home BSO	30/01/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	A review schedule should be introduced to ensure that the procedures listed are up-to-date and continue to reflect working practices.				
2.2	Corporate procedures should be reviewed and brought up to date to reflect current financial standards and practice, for example: • Imprest Accounts (Petty Cash) • Cash Handling • Bank Account Reconciliation and Administration. In addition, these procedures should include actions to be taken where monies are received on behalf of Council service users, i.e. residents' funds, that every effort should be made to identify who the monies belong to and the process to be followed when this has not been possible.	We will review the procedures which were produced corporately to bring them up to date and ensure their relevance.	Corporate Director of Customer and Corporate Services	Principal Treasury and Banking Manager	30/06/2026
2.3	Bank signatory procedures should be produced for the end-to-end process within the Treasury and banking section. The existing Bank Account Management procedures held on the Orb should be reviewed, updated and communicated to all relevant Council Staff. If any part of the process is now obsolete these should be removed.	A procedure note on the end-to-end process will be prepared. It is considered that the procedures on the Orb are up to date but will be reviewed as part of an overall review of the Mandates process.	Corporate Director of Customer and Corporate Services	Principal Treasury and Banking Manager	31/03/2026
2.4	The EHSCP Tali procedure manual should be updated to reflect current practice, and specifically should include the steps to be followed for the following circumstances: a) when a resident dies and the updated process requires to be aligned to the Care Home records retention schedule which notes that financial records are required to be kept for up to 3 years b) to select a defined reasons for cancellations and amendments to residents' transactions.	a) TALI procedures will be incorporated into Cash Management Procedure which will mean one set of procedures for the process b) Amendment/Cancellation reasons to be defined/agreed and these will be added to Cash Management Process	EHSCP Chief Officer	Business Support Team Manager,	31/03/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.5	The Cash Management Procedures Sheet should be updated to include: a) documentation on the different ways that residents' funds can be held and managed b) a reference to the tasks to be completed within the Tali system when a client dies c) alignment to the Care Home records retention schedule which notes that financial records are required to be kept for up to 3 years d) the requirement to ensure that the amount of cash held collectively in the safe in each Care home is recorded routinely as part of the weekly Cash and Bank Reconciliation, to ensure that the amount of cash held does not exceed the insured safe limit within each of the care homes e) the process for amending and cancelling transactions including defining valid reason for the change (see recommendation 3.6 below). Steps should be taken to ensure that the procedure manual is also aligned to the Tali procedure manual and the care homes records management manual.	a) Cash Management Process to include how we manage residents who manage their own money, have safekeeping only funds or we manage cash on their behalf b) Instructions on how to update TALI when a client dies will be incorporated into Cash Management Process c) Retention timescales for financial records will be added to Cash Management Process d) A spreadsheet to be implemented across all Homes to record cash held in safe weekly will be created and incorporated into Cash Management Process e) Reasons for cancellation will be agreed and added to Cash Management process TALI manual will be incorporated into Cash Management Process and therefore will no longer be an active process.	EHSCP Chief Officer	Business Support Team Manager and Care Home BSO	31/03/2026
2.6	The Records Management Manual should be updated to include: • how transaction receipts should be retained and stored • which emails are required to be retained, and where they should be held • the fact that as part of the care homes' records retention process, records are issued to Iron Mountain with a stated disposal date • an explanation of what the Disposal Register is used for, and that there is currently a moratorium in place within the Partnership.	Records Management Manual will be updated to include all changes identified – - retention/storage of receipts - retention/storage of relevant e-mails - Iron Mountain storage - Disposal Register – use and moratorium that is in place			31/03/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.7	The Corporate Training eLearning modules within myLearning Hub should be reviewed and updated to reflect current financial standards and current practice, for example: • Cash Handling and Security • Bank Account Reconciliation and Administration • Imprest Accounts. A practical demonstration of how to complete key tasks, including cash and bank reconciliations, within the training should be considered as part of the training.	The current modules are no more than links to the out-of-date procedures documents. The links will be updated as part of the management action in 2.2. However, we will include the modules in a higher-level review of Treasury and Banking training materials.	Corporate Director of Customer and Corporate Services	Principal Treasury and Banking Manager	31/12/2026
2.8	The Role Specific Learning Care Homes Non-Care 2025 spreadsheet and the Cash Management Procedures Sheet should be reviewed to ensure that the frequency of the required training in both documents is aligned.	Discussions to be held with Workforce Planning and Development on updated Role Specific Learning and for this to be updated on Orb.	EHSCP Chief Officer	Service Manager Care Homes and Business Support Team Manager	31/03/2026

Finding 3 – Financial Controls

Cash and bank reconciliations

Cash and bank reconciliations are performed weekly to ensure there are no discrepancies, such as unrecorded transactions or fraudulent activity.

Although the process checks to confirm that the cash and bank figures reconcile, there is no process to confirm that these figures reconcile to the total of the transactions in the Tali system. This control gap has led to some minor inaccuracies in the figures recorded on the system. Despite there being regular checks performed by more senior colleagues on the reconciliations performed, some inaccuracies have persisted in the system for up to four years in some cases. Management have requested the system supplier to resolve these inaccuracies.

Oversight of transactions

Although, as stated above, there is regular checking of cash and bank reconciliations, there is no similar check performed, for example on a sample basis, of general transactions processed through the system. Examples of such transactions include opening and closing residents' accounts, amendments and cancellations of transactions, that transactions are raised for the correct resident's account, and the money sitting in the unallocated funds account.

Bank signatories list

The Bank Account Management procedures include guidance on the management of bank signatories within care homes. Bank signatories are authorised to sign cheques and also access the bank accounts. Although bank signatories should be updated within a week of any changes to responsible officers, changes are often notified to the bank several months late. Management have advised that this is due to resource issues within the corporate Treasury and Banking team, and that this issue affects the Council as a whole and not just care homes.

Risks

- **Financial and Budget Management** – a lack of confirmation of the accuracy of residents' funds amounts, and of system adjustments, increases the risks that residents' funds amounts are incorrectly stated

- **Reputational –** residents' families may lose confidence in care homes if the residents' funds are not effectively managed

- **Fraud and Serious Organised Crime** – the risk of fraudulent activity is increased if reconciliations are not comprehensive and effective checking is not performed on transactions processed through the system.

Recommendations and Management Action Plan: Financial Controls

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	Cash and bank reconciliations should include a check to confirm that the financial information also reconciles to the total transaction figures contained within the Tali system. Checks should be introduced to ensure that all bank reconciliation paperwork is annotated by two people.	Reconciliation Paperwork to be agreed to include Tali system balances and this will be updated on Cash Management process. Weekly check of receipt book to ensure 2 x signatories are on each receipt.	EHSCP Chief Officer	Service Manager Care Homes and Business Support Team Manager	30/01/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.2	Regular checks, perhaps on a sample basis, should be introduced to confirm that: a) transactions for resident's accounts have been accurately updated within the system b) transactions which have been cancelled or amended within the Tali system are appropriate and that there is a sufficient audit trail within the resident's account.	a) As part of monthly Managers check – 2 x accounts will be checked. As part of 6 monthly BSTM check – 2 x accounts will be checked. b) As Tali does not produce an Audit Trail of cancellations/amendments – a new process to rectify these will be implemented and recorded in Cash Management process.	EHSCP Chief Officer	Service Manager Care Homes and Business Support Team Manager	30/01/2026
3.3	Identified issues with either the cash and bank reconciliation or the resident funds accounts should be escalated to relevant care home management in line with the documented escalation procedure (link to recommendation 1.5).	The agreed escalation process to be added to Cash Management process.			31/03/2026
3.4	The bank signatory list should be processed on a regular basis and a timetable for the process of changes to the bank signatories list should be reviewed, clearly documented, and adhered to by the Treasury and Banking section.	The bank signatory list should be processed on a regular basis and a timetable for the process of changes to the bank signatories list should be reviewed, clearly documented, and adhered to by the Treasury and Banking section.	Corporate Director of Customer and Corporate Services	Principal Treasury and Banking Manager	31/03/2026
3.5	Where issues are identified within care homes in respect of the bank signatory list these should be escalated in line with the escalation process within recommendation 1.5.	The agreed escalation process to be added to Cash Management process.	EHSCP Chief Officer	Service Manager Care Homes and Business Support Team Manager	31/03/2026
3.6	The reason for amending or cancelling a transaction should be recorded within the system, and the reason recorded should be appropriate as defined	Agreed amendment and cancellation process will be implemented and defined in Cash Management Process.			30/01/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	within care home procedures (see recommendation 2.5 above).				
3.7	Checks should be introduced into the cash and banking reconciliation process to ensure that the amount of cash held in the care home safe does not exceed the insured safe limits.	A spreadsheet to be implemented which details the cash held in each tin within the safe and that it does not exceed safe limits.			30/01/2026
3.8	A process should be determined as to what checks can be carried out where residents' funds are unallocated within individual care homes bank accounts. Care Home management should decide what is to happen with the unallocated fund which has been unallocated since April 2022.	There should not be unallocated funds in the care home bank accounts this was a one off in one care home – this has been added to the daily/weekly/monthly cash checks in place and awareness raised through the revised SOP (Standard Operating Procedures) that is being created. Unallocated funds should they arise will be paid into the welfare fund as part of the process.	EHSCP Chief Officer	Business Support Team Manager/BSO's	30/01/2026
3.9	Care Home management should carry out checks to ensure that the Resident Management Fund is only used for residents' monies. The identified accounts for Christmas, Outings and One Time Payments should be transferred to the correct account.	To be added to the Weekly Checklist for Business Support Officer to check the validity of accounts on a weekly basis.	EHSCP Chief Officer	Service Manager Care Homes and Business Support Team Manager	30/01/2026
3.10	A follow-up process should be introduced to ensure that all issues raised as part of the six-monthly check have been implemented.	A follow up process will be added to 6 monthly BSTM check sheet and timescale agreed on implementation of changes.	EHSCP Chief Officer	Service Manager Care Homes and Business Support Team Manager	30/01/2026

Finding 4 – System and Data – Tali system

Finding Rating	High Priority

Contract management

Residents' funds transactions are recorded on a shadow IT system called Tali, which is provided by the software firm Pebble, and is accessed through an internet browser.

Children, Education and Communities have a contract with Pebble, which is managed by CGI, the Council's IT provider. Although Tali is also used by the Edinburgh Health and Social Care Partnership, a contract is not in place for this and instead a waiver has been used. The waiver was originally put in place in November 2020 and was subsequently extended to June 2025. As at the time of this audit, October 2025, no valid waiver is in place. Management were unaware of this issue until it was noted by Internal Audit during the course of this review.

System audit trails

The Tali system does not record the name of the officers who have updated, amended, or cancelled transactions on the system.

Transactions recorded within the system can sometimes be amended or cancelled, in order to correct errors. However, although these adjustments are recorded on cancellation reports, they are not recorded in residents' individual accounts. This limits the ability of supervising officers to check that such adjustments are valid.

Risks

- **Governance and Decision Making** – lack of effective contract management over the system could lead to ineffective governance over the resident funds process.

- **Financial and Budget Management** – without an effective audit trail it may not be possible to detect, and then correct, financial errors

- **Fraud and Serious Organised Crime** – there is an increased risk of fraud if the users inputting system transactions cannot be easily identified.

Recommendations and Management Action Plan: System and Data – Tali System
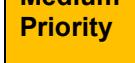
Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	Care home management should establish who can manage the contract with Pebble on their behalf. In addition, steps should be taken to resolve the position with the out-of-date contract waiver and to ensure there is a contract in place for use of Tali in the EHSCP.	Discussion to take place with Pebble, Localities Business Support Team Manager and Business Support Manager on current situation with TALI and it's use with EHSCP and whether BSTM could be added as contact for Pebble. Investigative work is underway with colleagues in finance and the wider organisation around the waiver that is out of date.	EHSCP Chief Officer	Service Manager Care Homes and Business Support Team Manager	30/01/2026

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.2	The Tali system should be updated to include the name of the officers who have updated, amended, or cancelled transactions within the system	This upgrade would lead to additional costs so agreement to be reached on how we record amended/cancelled transactions and wording to be used in these instances in comments section. This will be added to Cash Management Process.			31/03/2026
4.3	The Tali system should be updated to include an audit trail between the amended and cancelled transactions to the original transaction within the resident's account.	This upgrade would lead to additional costs so agreement to be reached on how we record amended/cancelled transactions and wording to be used in these instances. This will be added to Cash Management Process.			31/03/2026

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed	🟢	Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory	🟢	Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity	🟠	Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity	🔴	Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	**N/A**	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Appendix 2 – Areas of Audit Focus and Control Objectives

Audit Areas	Control Objectives
Policies, Procedures and Training	• There are clearly established policies and procedures in place to support the management of resident funds in care homes which are adhered to. • Policies and procedures are reviewed and updated in line with the relevant legislation, requirements and guidance, and following any changes to practice. • Training and development requirements for officers involved in the management of resident funds in care homes are relevant, clearly understood, completed on time, and monitored.
Management of Resident Funds	• Care homes maintain detailed records of all resident funds transactions with receipts retained. • There is safe handling and secure storage of residents' cash within care homes. • Individual residents accounts are held separately within the financial system and records are easily accessible for residents, their families, and authorised representatives. • Residents are supported to manage their money with appropriate safeguarding in place to protect them from financial abuse and/or exploitation. • Residents' cash and bank transactions are regularly reconciled to ensure that all residents' funds are properly managed, preventing misappropriation or accidental loss. • There is regular monitoring of residents' funds where the level of funds is £20.00 or less.
Monitoring and Oversight	• There are effective monitoring and oversight arrangements in place to support the management of resident funds, including regular independent reconciliations and reviews which capture any unusual variances or signs of fraudulent activity. • Care homes conduct regular audits of residents' financial records to ensure accuracy and identify any discrepancies. • There is regular monitoring of resident's funds to ensure that there are appropriate levels of funding available to support the resident within the Care Home.
Complaints	• Complaints received from residents and/or their families/legal guardian in respect of the management of residents' funds within care homes are recorded and managed in line with the Councils Complaints Handling procedure.
Information Governance	• Information governance risks for the management of resident funds in care homes are clearly understood, and effective controls have been established to ensure adherence to relevant Council policies and procedures.
Service Level Agreements and Service Standards	• Where services are provided by another Council area, team or third party to support the management of resident funds in care homes there is a service level agreement in place which sets out the types or services provided, relevant service requirements, timescales and performance requirements.