

Argyll and Bute Council
Internal Audit Report
June 2019
Final

Self-Directed Support

Audit Opinion: **Reasonable**

	High	Medium	Low
Number of Findings	2	1	1

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1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to Self-Directed Support (SDS)..
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed.
3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. In January 2013, the Scottish Parliament passed the Social Care (Self-directed Support) (Scotland) Act 2013 (the Act). The Act places a duty on councils, from April 2014, to offer people newly assessed as needing social care a wider range of options for choosing and controlling their support. People already receiving support before April 2014 should be offered these options the next time their needs are reviewed.
5. SDS is a major change to the way people with social care needs are supported. It is based on the human rights principles of fairness, respect, equality, dignity and autonomy for all. This means that people should be equal partners with relevant professionals in determining their social care needs and controlling how those needs are met. SDS aims to improve the impact that care and support has on people's lives by helping them to choose and control what type of social care services they get, when and where they get them, and who provides them. It also recognised that people should not be limited to choosing from existing services such as day centres, respite care or homecare, but may still choose them if they feel they best meet their needs.
6. The Act places responsibility on the Council, from April 2014 onwards, to offer people four options regarding how their social care is managed. These options are:
 - the individual or carer chooses and arranges the support and manages the budget as a direct payment (Option 1)
 - the individual chooses the support and the authority or other organisation arranges the chosen support and manages the budget (Option 2)
 - the authority chooses or arranges the support (Option 3)
 - a mixture of options 1,2 and 3.
7. The Council currently has 157 schemes in place where individuals or carers have chosen to arrange their own support and manage their budget through a direct payment (Option 1). The net annual spend on direct payments is approximately £2.8 million. The audit focused on this option.

Scope

8. The scope of the audit was to assess the:

- established direct payment policies and procedures
- calculation, preparation and approval of direct payments
- monitoring of client care and recovery of under spends.

Risks

9. The risks considered throughout the audit were:

- **Audit Risk 1:** Clear policies and procedures, reflecting legislation, are not in place for clients and staff
- **Audit Risk 2:** Risk assessments are not carried out on clients
- **Audit Risk 3:** Direct payments are not appropriately managed
- **Audit Risk 4:** Risk based monitoring arrangements do not exist to verify the client's ability to manage direct payments and to ensure continued eligibility

Audit Opinion

10. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full details of the five possible categories of audit opinion is provided in Appendix 2 to this report.
11. Our overall audit opinion for this audit is that we can take a reasonable level of assurance. This means internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are a number of areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.

Key Findings

12. We have highlighted two high priority recommendation, one medium recommendation and one low priority recommendation where we believe there is scope to strengthen the control and governance environment. These are summarised below:
- all direct payment recipients should have a support plan documented in Carefirst
 - service and financial reviews should be carried out in compliance with established procedures and review records stored in Carefirst
 - clarity is required as to when direct payments should be terminated for failure to comply with a request for financial returns
 - the Policy and Procedural Guidance for Staff and Managers should be reviewed and updated.
13. Full details of the audit findings, recommendations and management responses can be found in Section 3 of this report and in the action plan at Appendix 1.

2. Objectives and Summary Assessment

14. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Summary Assessment of Control Objectives

	Control Objective	Link to Risk	Assessment	Summary Conclusion
1	Clear policies and Procedures are in place for clients and staff in relation to managing direct payments	Audit Risk 1	Substantial	The Council has comprehensive policies and procedures (the Procedure) which are aligned to relevant legislation. The Procedure has not been reviewed since December 2017. Supported persons are provided with appropriate guidance. Officers have received formal SDS training and receive ongoing support from the SDS officer.
2	Direct payment agreements are agreed between the client and Council which clearly outline the responsibilities of both parties	Audit Risk 2 Audit Risk 3	Reasonable	Direct payment agreements are in place for all contracts sampled however 68% of clients do not have a support plan recorded in Carefirst. Financial assessment forms are not being filed in Carefirst.
3	Relevant risk assessments are carried out including the review of the direct payment calculation	Audit Risk 2 Audit Risk 3	High	Risk assessments are carried to determine the frequency of service and financial reviews and appropriate controls are in place to monitor the use of direct payment funds. Hourly rates are being paid in line with current agreements.
4	Monitoring arrangements exist to ensure clients can manage the direct payment and to ensure their continued eligibility	Audit Risk 4	Reasonable	Financial returns submitted by direct payment recipients are subject to appropriate review and issues are discussed with relevant support staff. However 47 of the 157 current SDS clients have an outstanding financial review and 11 have not received a service review in the past 12 months. Clarity is required as to when a direct payment should cease in the event that a client does not comply with a request for a financial return.

15. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

Clear policies and Procedures are in place for clients and staff in relation to managing direct payments

16. There is a comprehensive “Policy and Procedural Guidance for Staff and Managers” (the Procedure) which reflects the provisions of The Self-directed Support (Direct Payment) (Scotland) Regulations 2014 which came into force on the 1st April 2014 following the enactment of the 2013 Act. The Procedure was last reviewed in December 2017 and a further

review was scheduled to take place in April 2018. This review is outstanding. The Procedure contains hourly rates which are out of date though we confirmed that guidance issued to supported people has been updated with the latest rates.

Action Plan 4

17. Part A of the Procedure directly links council policy to the relevant sections of the 2014 Act including outlining:
 - why direct payments have been introduced (Act Part 1)
 - Council policy on payments and termination of direct payments (Act Part 2)
 - Council policy on the provision of support by family members (Act Part 3)
 - Council policy on persons ineligible to receive direct payments (Act Part 4)
 - Council policy on circumstances where the Council will not give the supported person the opportunity to choose direct payments (Act Part 5)
 18. Part B of the Procedure provides comprehensive guidance on the processes to follow to manage direct payments and clearly defines roles and responsibilities.
 19. The Council supply all supported persons who chose direct payments with an information pack which is comprehensive, clearly sets out the Council's and supported person's responsibilities and provides guidance on:
 - setting up a specific bank account for direct payments only
 - keeping records and making them available for inspection
 - assessing the supported person's care needs
 - payment of the direct payment
 - eligible expenditure that direct payments can be applied to
 - rules on employment of relatives or 3rd parties
 - a template that the supported person should complete for expenditure.
 20. Social work officers and finance staff have received formal training and the SDS officer provides training and support to staff on a one to one basis and, if requested, will attend team meetings to provide updates.
- Direct payment agreements are agreed between the client and Council which clearly outline the responsibilities of both parties
21. A random sample of ten direct payment contracts was selected for audit testing. This was used to test compliance with the processes set out in the Procedure.
 22. The Procedure requires the Council and the supported person to enter into a contractual agreement known as a Direct Payment Agreement. We confirmed that, for all ten contracts, a signed agreement detailing the responsibilities of both the Council and the supported person was in place.
 23. The Procedure requires a support plan be prepared for all direct payment clients which includes, as a minimum:
 - note of assessed needs
 - associated risks and how these will be managed
 - preferred outcomes of service provision
 - details of service to be provided
 - review date.

24. Of the ten sampled contracts sampled, evidence of a support plan being in place could only be provided for one. Further review of data recorded in Carefirst (where supported persons case files are recorded) identified that 106 of the current 157 (68%) direct payment schemes do not have a recorded support plan.

Action Plan 1

25. The Procedure states that the Council can means test a direct payment recipient to assess their ability to contribute to the cost of securing the support to which the direct payment relates. This requires the completion of a Care Cost Assessment Form. These had been completed for all ten contracts sampled.

Relevant risk assessments are carried out including the review of the direct payment calculation

26. The Procedure outlines a risk monitoring matrix for financial reviews and service reviews. The monitoring matrix bases the frequency of reviews on the weekly payment amount and the assessed competence of the supported person to complete and forward the required financial returns to the Council.
27. Direct payment recipients are required to have a separate bank account used solely for the purpose of receiving direct payments and making payments relating to the services the direct payment is provided for. The account must not be used for any personal business. We confirmed that, for the contracts sampled, all ten supported people had an appropriate bank account and that the Council has controls in place to identify if the account is used for inappropriate transactions. We also confirmed that the appropriate hourly rate is being paid for all ten sampled contracts.
28. The Procedure states that where the supported person is ineligible to receive a direct payment they, or their representative, should be notified:
- of the reasons why they are considered ineligible
 - that the decision will be reviewed where a material change has occurred
 - that they can request a review at a later date
 - that they have an opportunity to review one of the other options.
29. A review of correspondence sent to supported persons deemed ineligible for direct payment support confirmed the Council complied with these requirements.

Monitoring arrangements exist to ensure clients can manage the direct payment and to ensure their continued eligibility

30. There are two finance administration officers who are responsible for ensuring that supported persons who have opted for direct payments provide the required financial returns along with receipts, copies of payslips, invoices and bank statements.
31. These officers monitor the financial returns based on the agreed risk level frequency (as per paragraph 26) and:
- confirm the full direct payment rate is being paid to the carer and that tax and national insurance is evidenced as being paid
 - review the supported persons bank balance
 - confirm the number of hours paid exceeds assessment needs
 - review bank statement to ensure there are no unauthorised transactions

- ensure the bank statements have been sent to finance.

32. For the ten contracts sampled we confirmed that eight financial reviews were carried out as prescribed and any issues raised were noted. There was no evidence for the remaining two. A Performance and Information report was run from Carefirst which highlighted that 110 (70%) of the current 157 direct payment recipients have had their financial reviews completed. 47 (30%) are outstanding. Furthermore financial review records are not stored within the Carefirst system but are kept separately although there is information on Carefirst regarding the costs of the direct payment funding.

Action Plan 2

33. Any issues identified during financial reviews are highlighted to the most appropriate Council officer. During the audit we were made aware of an e-mail sent to local area managers which highlighted five cases where direct payment recipients had not returned their financial review information as required. For two of the five the financial documentation had been outstanding for approximately three years and it has been requested on multiple occasions. Despite this the direct payments continued to be paid. Clarity is required as to when SDS payments should be terminated for failure to comply with the request for financial returns.

Action Plan 3

34. The Procedure requires that service reviews be undertaken to ensure that the supported person's needs are being met and that the direct payment arrangements continue to be appropriate. All supported persons have the opportunity to raise any issues/concerns during the review process. Of the ten sampled contracts there was evidence that eight of the ten had had a service review within the last 12 months as required by procedures. There was no evidence of a service review for the remaining two. A Performance and Information report run from Carefirst highlighted that 11 (7%) of the current 157 direct payment recipients have not received a service review within the last 12 months.

Action Plan 2

Appendix 1 – Action Plan

	No.	Finding	Risk	Agreed Action	Responsibility / Due Date
High	1	Support Plans 106 (68%) of the 157 current direct payment recipients do not have a support plan recorded in Carefirst.	Supported people may not be receiving the appropriate support which is targeted at achieving preferred outcomes.	All case files within Carefirst will be reviewed to ensure that support plans have been prepared and recorded within the system.	Self-Directed Support Officer 31 March 2020
High	2	Service and Financial Reviews Data held in Carefirst highlighted that of the 157 current direct payment recipients: <ul style="list-style-type: none"> • 47 (30%) have an outstanding financial review • 11 (19%) have an outstanding service review Furthermore the financial review records are not filed in Carefirst.	Direct payment arrangements and provision of support may not reflect changes in direct payments recipient circumstances	All case files within Carefirst will be reviewed to ensure that Financial and Service reviews are up to date and recorded within the system.	Self-Directed Support Officer 31 March 2020
Medium	3	Termination of SDS Payments Direct payments are continuing to be paid to recipients despite the failing to comply with a requirement to provide a financial return and despite multiple reminders. Clarity is required as to when direct payments should be terminated for failure to comply with the request for financial returns.	Direct payments may be getting paid inappropriately.	The Policy and Procedural Guidance for Staff and Managers will be updated to provide greater clarity over the procedures to follow in the event that financial returns are not provided within an appropriate timeframe.	Self-Directed Support Officer 31 March 2020

Low	4	Review of Procedures The Policy and Procedural Guidance for Staff and Managers has not been reviewed since December 2017 despite a review being scheduled to take place in April 2018. The procedure contains information on hourly rates which are out of date.	The procedures adopted may no longer comply with legislation or identified good practice. Furthermore incorrect hourly rates may be applied to direct payment calculations.	The Policy and Procedural Guidance for Staff and Managers will be reviewed and updated	Self-Directed Support Officer 31 March 2020

In order to assist management in using our reports a system of grading audit findings has been adopted to allow the significance of findings to be ascertained. The definitions of each classification are as follows:

Grading	Definition
High	A major observation on high level controls and other important internal controls or a significant matter relating to the critical success of the objectives of the system. The weakness may therefore give rise to loss or error.
Medium	Observations on less significant internal controls and/or improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system. The weakness is not necessarily substantial however the risk of error would be significantly reduced if corrective action was taken.
Low	Minor recommendations to improve the efficiency and effectiveness of controls or an isolated issue subsequently corrected. The weakness does not appear to significantly affect the ability of the system to meet its objectives.

Appendix 2 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are a number of areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.