

# Argyll & Bute Health & Social Care Partnership

## Internal Audit Report

December 2022

FINAL

# Commissioning

Audit Opinion: SUBSTANTIAL

	High	Medium	Low	VFM
Number of Findings	0	0	0	0

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## Contact Details

Internal Auditor: ***Moira Weatherstone***  
 Telephone: ***01546 604146***  
 e-mail: ***moira.weatherstone@argyll-bute.gov.uk***

[www.argyll-bute.gov.uk](http://www.argyll-bute.gov.uk)

# 1. Executive Summary

## Introduction

1. As part of the 2022/23 internal audit plan, approved by the Audit & Risk Committee in April 2022, we have undertaken an audit of Argyll & Bute Health & Social Care Partnership (HSCP) system of internal control and governance in relation to Commissioning.
2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with Health & Social Care Partnership officers and the information available at the time the fieldwork was performed. The findings outlined in this report are only those which have come to our attention during the course of our normal audit work and are not necessarily all the issues which may exist.
3. The contents of this report have been agreed with the appropriate Health & Social Care Partnership 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. The HSCP is responsible for the planning and delivery of health and social care services for adults and children within Argyll & Bute. Public services may be delivered internally, commissioned through providers of health and social care or by community or social enterprise groups. The Care Act requires local authorities to help develop a market that delivers a wide range of sustainable high quality care and support services through the provision of care at home or residential care home services.
5. Strategic commissioning in the adult, children and young people health and social care context relates to all of the activities involved in assessing and forecasting need, linking investment to agreed outcomes, identifying and considering options, planning the nature, range and quality of future services and working in partnership to put theses in place. There are different ways to approach commissioning, however the principles are in line with the independent Review of Adult Social Care (IRoASC) where they are collaborative in their approach.
6. The HSCP objectives have been developed through engagement with partners, staff and the public, with the publication of the Commissioning Strategy 2022/2025 (the Strategy). The Strategy has been developed using the best practice guide from the Scottish Government, applying the four steps of the Commissioning Cycle; Analyse, Plan, Deliver and Review. The Strategy is for all providers and potential providers of health and social care, for community or social enterprise groups and for people who use, or work in, health and social care services.
7. The strategy will be future proofed in line with the IRoASC which recommends that Integration Joint Boards should continue to develop strategic commissioning plans, and should be given direct responsibility for procurement, holding contracts and contract monitoring.
8. As is the case in any market, providers may leave from time to time sometimes because they have failed financially or operationally. The care services may be sold or taken over by another provider(s), fail to meet regulatory standards or fail to make the necessary improvements to

maintain standards in social care or be unable to recruit staff. When care providers leave the market and close services, managing the situation and withdrawal from the market is really important as disruption to care services can cause distress and pose real risks to people's health and wellbeing. It can also cause stress and anxiety for families and carers of those who use the service.

### Scope

9. The scope of the audit was to provide assurance that measures are in place to minimise the risk and impact of commissioned service providers withdrawing from the market as outlined in the Terms of Reference agreed with the Chief Officer (HSCP) and Chief Finance Officer (HSCP) on 21 October 2022.

### Risks

10. The risks considered throughout the audit were:
  - SRR07: sustainability of commissioned service providers
  - Audit Risk 1: HSCP does not have effective measures in place to minimise the risk of commissioned service providers withdrawing from the market
  - Audit Risk 2: failure to have robust contract management arrangements in place
  - Audit Risk 3: failure to meet client care and support needs

### Audit Opinion

11. 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 1 to this report.
12. Our overall audit opinion for this audit is that we can take a substantial level of assurance. This means that 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.

## 2. Objectives and Summary Assessment

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

### Exhibit 1 – Summary Assessment of Control Objectives

	<b>Control Objective</b>	<b>Link to Risk</b>	<b>Assessment</b>	<b>Summary Conclusion</b>
1	Measures are in place to minimise the risk and impact of commissioned service providers withdrawing from the market	SRR07 Audit Risk 1	High	Whilst the risk of commissioned service providers can never be fully mitigated, measures are in place to minimise the risk and impact of commissioned service providers withdrawing from the market. This includes a risk based approach to

				assessing providers prior to commissioning and regular ongoing review meetings with providers identifying any issues which can be escalated and addressed. A multi agency group was formed – The Argyll & Bute Care Homes Assurance Group Meeting as an assurance function for the HSCP for Care Homes and Care at Home Services. The purpose of the Care Home and Care at Home Assurance Group is to provide oversight and support to care homes and care at home service primarily focused on older adults.
2	Commissioning Policies and Procedures are in place and being followed	Audit Risk 2	High	A commissioning strategy for all the main care groups is in place. This is the first Argyll and Bute Health and Social Care Partnership Joint Strategic Commissioning Strategy. Argyll & Bute Council have well established procurement policies and procedures in place, this includes supplementary guidance notes which are specifically applicable to Health and Social Care Contracts. There is also an agreed HSCP guidance document: “Guidance for Closure of a Care Home”.
3	Measures are in place to review and monitor commissioned services to ensure the ongoing sustainability of service provision	SRR07 Audit Risk 2 Audit Risk 3	High	The Council’s Procurement Team is heavily involved in managing commissioned services alongside Social Work colleagues. They meet regularly, with providers and identify any issues through a scorecards system, this is carried on through the life of the contract and is updated regularly.
4	Measures are in place to review performance and value for money associated with commissioned services	Audit Risk 2 Audit Risk 3	High	Monitoring overall compliance by all to the terms of the agreement and contract Key Performance Indicators (KPIs) and Service Level Agreements (SLAs) and implementing improvement plans in the event of under-performance is reviewed when updating scorecards.

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

### 3. Detailed Findings

#### Measures are in place to minimise the risk and impact of commissioned service providers withdrawing from the market

15. Commissioning of social care services is the one of the highest areas of spend in the Council and whilst the risks of commissioned providers withdrawing from the market can never be fully mitigated, working together the HSCP and the Council's procurement team have put in place measures to minimise the risk and impact of commissioned service providers withdrawing from the market.
16. Throughout the commissioning journey the Council's procurement team offer an instrumental amount of support to the HSCP in terms of ensuring that the desired outcomes are met and there is ongoing contract monitoring.
17. Taking a risk based approach, prior commissioning with a provider for services, numerous checks are undertaken. As part of the pre-contract checks the Single Procurement Document (SPD) requires to be completed. This is a set of standardised statements that have been developed to support Procurement Officers in adopting a consistent approach to defining minimum requirements in contract notices, these are aligned to the relevant selection questions in the SPD (Scotland) and are available in the standardised statements document on the Procurement Journey SPD (Scotland) website. The Procurement Journey provides guidance for public sector buyers who procure goods, services and care and support services.
18. In general, the HSCP are careful about applying strict criteria that will automatically exclude providers as it is recognised that there is a limited number of providers in Argyll and Bute. The risks from this approach are mitigated through contract management during the life of the contract.
19. Argyll & Bute Care Homes Assurance Group is a multi-agency group which was set up as an assurance function for the HSCP for Care Homes and Care at Home Services. The group covers all care homes and care at home services within Argyll and Bute. The purpose of the Care Home and Care at Home Assurance Group is to provide oversight and support to care homes and care at home services primarily focused on older adults. This multi-agency group has responsibility to address both short term actions and to link with the relevant oversight and strategic planning groups to raise strategic issues affecting care homes and care at home services. The group also has the responsibility to action any concerns, directly with the home or care at home provider in the first instance, including recording agreed actions.
20. In addition, the group requires to read daily information (5 days a week) from care homes with an overview of Covid-19 issues, staffing, safety, PPE, testing and any other pertinent issues.
21. Measures are in place to minimise the impact of commissioned service providers withdrawing from the market. The HSCP guidance document: "Guidance for Closure of a Care Home", updated and approved in May 2022 is guidance for the Closure of a Care Home based on the CoSLA guidance document "Good Practice Guidance on the Close of a Care Home". The purpose of this document is to provide guidance for the HSCP to identify and manage any possible risks

22. and ensure continuity of service provision in the event of a planned or unplanned closure of a Care Home within Argyll and Bute. Included in the guidance is an action plan for closure and identifies a responsible person for each action point. Any contingency Plan has to be agreed and signed off by Care Inspectorate.

#### Commissioning Policies and Procedures are in place and being followed

23. The Scottish Government and COSLA jointly published guidance on the Procurement of Care and Support Services (“the Guidance”). The Guidance aims to assist public bodies to deliver positive outcomes for service users and carers through the delivery of good quality, flexible and responsive services and in recognition of the significant impact that delivery of such services will have on the quality of life, health and well-being of service users and carers.
24. The Guidance introduces a set of Guiding Principles which include the requirements:
- to have in place a commissioning strategy for all the main care groups should be in place which is supported by delivery plans and works towards an overarching commissioning strategy;
  - to have written and approved policies and procedures for the procurement of care and support services which reflect developments in self-directed support and the guiding principles from the Guidance.

In line with the guidance, the first HSCP Joint Strategic Commissioning Strategy (JSCS) for everyone in Argyll and Bute who require health and social care services was approved in March 2022, covering the period April 2022 to March 2025. Working with partners in the HSCP, the manager of Argyll & Bute Council (the Council) Procurement Commercial and Contract Management Team and the Senior Procurement Officer for the Council were members of the working group.

25. The Council’s Procurement, Commercial and Contract Management Team are involved in contract/commissioning work to support colleagues to procure services in a way that gives the best chance of achieving the desired outcomes and in line with the principles of the JSCS.
26. Embedded within the JSCS is the Market Facilitation Plan which describes how the HSCP aim to work with providers and potential providers of adult, children and young people social care in order to ensure they deliver the best services available with the resources which they have. Various types of contractual arrangements exist across the partnership which are clearly defined within the JSCS: Framework Agreements/Collaborative Agreements/Grants/ Contracts for services and supplies/Spot Purchases and bespoke arrangements.
27. The Council have well established procurement policies and procedures in place. A Procurement Strategy 2022-2025 and The Procurement Manual 2022 is available to all social work staff on the intranet – HUB. These are the overarching documents applicable to Council staff involved in the procurement process.
28. Within the Council’s procedures there are supplementary guidance notes, one of which provides guidance on the procurement of Health and Social Care contracts. This provides a summary of the thresholds that apply to care and support contracts and identifies roles and responsibilities

for health and social care contracts. A separate supplementary note - the Contract Supplier Management Toolkit explains how contracts are to be managed.

Measures are in place to review and monitor commissioned services to ensure the ongoing sustainability of service provision

29. The Council's procurement staff work alongside HSCP staff to ensure that ongoing monitoring is undertaken. Regular meetings are held with providers, HSCP staff, the Care Inspectorate where appropriate and Council procurement staff. Any issues are identified through a scorecard system. The scorecard is reviewed and updated through the life of the contract. Meetings identify any major or minor concerns which are then reported back to the relevant managers with any agreed actions being taken forward.
30. Any issues or concerns highlighted by the provider regarding the sustainability of the service are recorded and escalated to the appropriate management and an action plan put in place to support the provider.

Measures are in place to review performance and value for money associated with commissioned services

31. A review of performance and assessment of value for money forms part of the process of ongoing regular meetings with suppliers. These are recorded on the provider scorecard which is completed after each review meeting. In addition, this will also be reviewed and assessed at the time of any contract variations or renewals.
32. The Argyll & Bute Care Homes Assurance Group also have collective responsibility to focus on the quality of care home/care at home experience for residents, service users and families.



**Appendix 1 – Audit Opinion**

Level of Assurance	Definition
<b>High</b>	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.
<b>Substantial</b>	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.
<b>Reasonable</b>	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
<b>Limited</b>	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 at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
<b>No Assurance</b>	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.