

# ARGYLL & BUTE COUNCIL

## Internal Audit Section

### INTERNAL AUDIT REPORT

<b>CUSTOMER DEPARTMENT</b>	<b>COMMUNITY SERVICES</b>
<b>AUDIT DESCRIPTION</b>	<b>RISK BASED AUDIT</b>
<b>AUDIT TITLE</b>	<b>Older People Services</b>
<b>AUDIT DATE</b>	<b>April 2016</b>

**2016/2017**



## 1. BACKGROUND

This report has been prepared as a result of the Internal Audit review of Older People Services within Community Services as part of the 2016/17 Internal Audit programme.

As at 1st April 2016 responsibility for the operation and delivery of all health and social care services, including Older People Services, within Argyll and Bute came under the remit of the Argyll and Bute Health and Social Care Partnership.

Homecare services are delivered via a combination of internal and external delivery mechanisms. Argyll and Bute Council's Procurement and Commissioning team are responsible for the contract and supplier management and this is complemented by the case file monitoring and review process carried out by Homecare Procurement Officers and Case Managers.

The audit will focus on compliance with agreed contractual arrangements with external providers with particular focus on the monitoring and controls in place.

There are currently 14 external Homecare providers within Argyll and Bute who provide 76% of the homecare provision, the balance is provided internally.

## 2. AUDIT SCOPE AND OBJECTIVES

The main objectives of the audit are:

- Review contract monitoring and escalation protocols
- Test a sample of external contracts to ensure compliance with monitoring protocols
- Review performance reporting arrangements

Control objectives will include:

Authority –	Roles and delegated responsibilities are documented in policies and protocols and are operating well in practice.
Occurrence –	Sufficient documentation exists to evidence compliance with policies and protocols.
Completeness –	Policies and protocols are available and required documentation is fully maintained.
Measurement –	Policies and protocols are in line with requirements.
Timeliness –	Policies and protocols are regularly reviewed and updated as necessary.

Regularity – Documentation is complete, accurate and not excessive; it is stored securely and made available only to appropriate members of staff.

### 3. RISKS CONSIDERED

- Ongoing Integration of Health and Social Care
- Reputational Damage to the Council
- Inadequate Monitoring and reporting arrangements
- Non-compliance with legislation

### 4. AUDIT OPINION

The level of assurance given for this report is Substantial.

<b>Level of Assurance</b>	<b>Reason for the level of Assurance given</b>
<b>High</b>	Internal Control, Governance and the Management of Risk are at a high standard with only marginal elements of residual risk, which are either being accepted or dealt with. A sound system of control is in place designed to achieve the system objectives and the controls are being consistently applied.
<b>Substantial</b>	Internal Control, Governance and management of risk is sound, however, there are minor areas of weakness which put some system objectives at risk and where 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 management of risk are broadly reliable, however although not displaying a general trend there are a number of areas of concern which have been identified where elements of residual risk or weakness with some of the controls 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 system objectives are 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 management of risk is poor, significant residual risk exists and/ or significant non-compliance with basic controls leaves the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.
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This framework for internal audit ratings has been developed and agreed with Council management for prioritising internal audit findings according to their relative significance depending on their impact to the process. The individual internal audit findings contained in this report have been discussed and rated with management.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as High, Medium or Low. The definitions of each classification are set out below:-

**High** - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

**Medium** - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

**Low** - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

## 5. FINDINGS

The following findings were generated by the audit:

### **Review Homecare Contract Monitoring and escalation protocols**

#### **Contract Monitoring Protocols**

- It was evidenced that there are Contract Monitoring Protocols in place for the monitoring of Homecare contracts. A review of the protocols showed that there are specific monitoring requirements with regards to the following areas namely :

- Monitoring of Care provider information
  - Undertaking whole Service Reviews
  - Conducting of Post Contract Award Meetings
  - Provision of Provider Management Meetings
  - Undertaking of Quality of Care Monitoring
  - Benchmarking of Provider performance and Cost
  - Addressing Issues of Non –Compliance
  - Completing Contract Management Scorecard
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- It was evidenced that the protocols had been approved by DMT in June 2012, however it was noted that Protocols had not been reviewed by the team until April 2016 at which point the legislation had changed.
  - Protocols specify the roles and responsibilities of persons tasked with monitoring the compliance of Homecare contracts. Responsibility for the monitoring of review packages of individual service users rests with social work officers with the specific monitoring of the service provider being the responsibility of the Procurement and Commissioning team.

### Escalation Protocols

- It was evidenced that there are escalation protocols in place for the monitoring of Homecare contracts. A review of the escalation protocols showed that the following measures may be implemented if the service deteriorates to an unacceptable level :
  - Increased Monitoring Activity
  - Self-Imposed Deferral of referrals
  - Temporary Suspension of Service
- It was evidenced from documentation reviewed that the above escalation measures have been initiated and that detailed reasons for imposing these measures have been documented. No evidence of approval of the escalation protocols was found or of when they had been last updated.

## **Contract Compliance Monitoring Protocols**

- A sample of 6 Service Providers who cover the Helensburgh and Lomond Area and Bute Area were chosen. Documentation was reviewed in regard to adherence to the contract monitoring protocols as outlined in the review of protocols section above.

- Monitoring of Care provider Information.

The protocols state that “it is the responsibility of the Procurement and Commissioning officer for maintaining a “watchful eye” on information held by the Care Inspectorate pertaining to those services.”

It was evidenced from documents forwarded to the 4 Area Committees that information pertaining to Care Inspection Grades awarded by the Care Inspectorate to Service providers was included.

It is noted that the term “watchful eye” is nonspecific and does not specify what the minimum requirements for monitoring of the Care Inspectorate grades.

- Undertaking whole Service Reviews

The protocol states that “the procurement officer will carry out quarterly contract monitoring visits that will support the social work officer in determining the efficiency and effectiveness of the service during the contract period. The care service monitoring document to be used at the quarterly meetings is detailed in the protocols.” The document covers such areas as supplier review and update, complaints, current performance against contract and the supplier scorecard review.

It was evidenced that for each of the Service Providers sampled that a quarterly meeting had taken place. A review of the documentation showed that the document was not fully completed for the meetings reviewed. An example of information not captured was section 10, Actions for Improvements.

- Conducting of Post Contract Award Meetings

The protocol states that the procurement officer will jointly conduct post contract award meetings within 3 weeks of any contract award with the successful tenderer/provider in order to discuss expectations, outline protocol and build positive relationships.”

With regards to the 6 Service Providers sampled, 3 of the providers were in place as a result of a tender process, the other 3 providers, due to continuity of care and client choice, have continued to provide services under preplacement contracts. For the providers sampled, where a tender process had taken place it was evidenced that a meeting had taken place with the minutes outlining expectations and protocols required to be put in place. It was noted that the date of the meeting for one of the providers was 6 weeks after contract award rather than the 3 weeks as specified in protocols. This provider was an existing care at home provider.

- Provision of Provider Management Meetings

The protocols state that “A programme of provider management meetings will be jointly agreed between the social work officer and the procurement officer based on the balanced scorecard of the protocols which details scoring in regard to quality and Service. Both parties to ensure staff are available to attend these meetings and play a full role in their facilitation.” The balanced scorecard includes scoring for a range of criteria examples of which are;

- Compliance with Specification
- Health and Safety
- Continued Improvement
- Responsiveness

It was evidenced that management meetings have taken place between the Provider and the Procurement Officer and that the information required as detailed in the scorecard has been completed, however the date of the meeting was not recorded on the scorecards under review. The date of these meetings was recorded on the risk registrar.

- Undertaking of Quality of Care Monitoring

The protocols state that “the social work officer will report any issues, concerns or appropriate enquiries arising from a monitoring exercise, to the procurement officer which may require to be addressed at provider management meetings”.

It was evidenced that Service Improvement forms, outlining any concerns or issues arising from the service, had been forwarded to the Procurement Officer. A review of these forms showed that the section entitled “outcome” had not been completed for the forms examined. It was evidenced from a review of minutes from provider management meetings that these forms are part of the agenda for discussion.

- Benchmarking of Provider information and Cost

The protocols state that “the procurement officer will have the main responsibility for benchmarking provider contractual performance against other providers delivering similar services.”

It was evidenced that benchmarking information against other providers delivering services has been carried out and reported to the area committees. Examples of benchmarking reported against other providers were:

- Care inspection grades
- Care package in place within 24 hours of referral
- Referrals declined
- Weekly hours commissioned
- Hourly rates charged
- Number of Service concerns from users.

- Addressing Issues of Non-Compliance

The protocols state that “the procurement officer will jointly deal with addressing issues of non-compliance including discussing action/improvement plans with providers, informing senior management in both departments of serious concerns and in reporting and making recommendations on future/continuing service provision.”

It was evidenced from a review of the Service Improvement documents that issues around non-compliance have been outlined and addressed. These issues are discussed as part of the periodic meetings between Social Work and Service providers and it was noted that resulting actions have arisen from these discussions. It was further evidenced that Service suspensions have taken place, reasons for these have been documented and raised at management meetings and recommendations on service improvement have been tabled.



- Completing Contract Management Scorecard

The protocol states that “the procurement officer is responsible for completing the contract management scorecard.”

It was evidenced that the contract management scorecard has been completed and that a comments section explaining the reasons given for each of the scores allocated had been given, however the date of the meeting was not recorded on the scorecards under review. The date of these meetings was recorded on the risk registrar.

### **Review Performance reporting arrangements**

- It was evidenced that a quarterly report was prepared by the Procurement and Commissioning officer for the 4 area committees; the report covered the following areas:
  - Number of external services currently in area.
  - Weekly hours commissioned by service provider.
  - Care Inspectorate grades by Service provider.
  - Number of quarterly contract and supplier meetings comparing actual against target.
  - Number of Care needs reviewed with service user families and providers comparing target against actual.
  - Number of monitoring visits comparing actual against target.
  - Number of Service Monitoring improvements by provider (Provider not mentioned).
  - Number of complaints.
- It was noted that responsibility for presentation to the area committees of the above information has passed from the Commissioning and Procurement team to area managers. Information will continue to be accumulated by procurement and then passed to area managers.
- It was evidenced that information concerning Care Inspectorate reports, in relation to service providers as regards their grading and risk, is included within the Pyramid reporting system.

- It was confirmed verbally by the Head of Adult Services (East) that from 1<sup>st</sup> April 2016 responsibility for the provision of Older People Services has moved to the Health and Social Integration Board. It has been proposed that contract compliance review will be the responsibility of the Clinical Care Governance Committee which will report directly into the Integrated Joint Board.

## **General**

- It was noted from the Leaders report of April 2016 that “Home care suppliers have been issued with a template for completion which will allow us to separate out travel costs and identify if there is any shortfall between their current hourly rate and the new £7.20 hourly rate required by legislation. This will also allow us to identify if there is any shortfall with the Scottish Living wage rate of £8.25 per hour which should be paid from October 2016 in line with the Scottish Government’s guidance and funding for Fair Work Practice.”

It was noted that a paper forwarded to the Community Services DMT in March 2016 outlined that a check had been done on 13 Service providers testing whether they complied with their contractual obligations concerning the minimum wage. The paper stated that no evidence was found of any breach in respect of minimum wage obligations.

## **6. CONCLUSION**

This audit has provided a Substantial level of assurance. There were a number of recommendations for improvement identified as part of the audit and these are set out in Appendix 1 and 2. There were 2 medium recommendations set out in Appendix 1 which will be reported to the Audit Committee. There was 1 low recommendation which is not reported to the Audit Committee. Appendices 1 & 2 set out the action management have agreed to take as a result of the recommendations, the persons responsible for the action and the target date for completion of the action. Progress with implementation of actions will be monitored by Internal Audit and reported to management and the Audit Committee.

Thanks are due to the Procurement and Commissioning staff and management for their co-operation and assistance during the Audit and the preparation of the report and action plan.

**APPENDIX 1 ACTION PLAN**

<b>Findings</b>	<b>Risk Impact</b>	<b>Rating</b>	<b>Agreed Action</b>	<b>Responsible person agreed implementation date</b>
<b>1. Protocols</b>				<b>High/ Medium or Low</b>
It was noted that there was no evidence of review of homecare monitoring protocols since 2012. In addition, there was no evidence of escalation protocols having been approved or reviewed.	Failure to regularly review procedures may lead to inefficient and ineffective operations resulting in non-compliance with current agreed practice.	Medium	<b>Protocols reviewed in line with the new HSCP arrangements. Review date will be added to document</b>	<b>31<sup>st</sup> May 2016</b>  <b>Performance Improvement Officer, Customer Services</b>
<b>2. Record Keeping</b>				<b>High/ Medium or Low</b>
It was evidenced that record keeping is incomplete in regard to some areas of documentation.	Failure to maintain accurate and complete records may lead to the misreporting and misinterpretation of data resulting in ineffective decision making.	Medium	<b>The missing date box from the document referred to has now been inserted and all PCT staff are to complete this when carrying out contract management meeting. Procedures to be revised to ensure that n/a should be used where appropriate.</b>	<b>31<sup>st</sup> May 2016</b>  <b>Performance Improvement Officer, Customer Services</b>



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