



Internal Audit Report

COMMUNITY SERVICES DEPARTMENT

Review of Social Work Commercial Contracts

June 2009

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1. INTRODUCTION AND BACKGROUND

- 1.1 In agreement with the Community Service Department, Head of Planning and Performance direct audit days have been set aside within the Internal Audit Annual Plan for 2008 - 09 for an audit to be undertaken within the Social Work – Commercial Contracts section.
- 1.2 The Council spent approximately £3.5 million (Children and Families) and £ 16.5 million in 2008/09 on buying provision from external providers of care facilities.

2 AUDIT SCOPE AND OBJECTIVES

- 2.1 The audit of Social Work Commercial Contracts has been allocated 30 audit days within the Annual Audit Plan for 2008 – 2009. The objective and scope of the audit is to perform a review of 2 areas of importance for this section, the current Approved Providers List and Call up Letters.

The Approved Providers List held and operated by the Council

- 2.2 The audit will review the applications from providers to ascertain that they are registered with the Care Commission. This will be done by selecting a sample of application forms and checking on the Care Commission website to ensure that providers are registered.
- 2.3 Although the Care Commission carry out provider checking they leave to Councils the task of financial and health and safety vetting. The audit will therefore sample test these 2 aspects.

Call up Letters

- 2.4 The audit will also look at the processes involved concerning the requesting of services for clients from external providers. This will involve establishing the mechanism by which Social Work first evaluates the client need in respect of a “Call up Letter” and the review process operated after service delivery to ensure that client services identified have been delivered and variations noted.

3 WORK CARRIED OUT BY THE AUDITOR

- 3.1 The audit forms 2 distinct areas:
 - Verification of the information held in relation to providers on the Approved Provider List (APL)
 - Verification that contracts are in place between the Council and External Providers for the provision of purchased services. Providers on the APL sign a pre placement contract which sets out the legal obligations/responsibilities which providers must adhere to. Call up letter and individual placement contract are then issued for individual clients who receive a service from one of these providers.

Approved Providers List (APL)

- 3.2 The APL is maintained by Quality Assurance (QA) and until recently the paper files for each provider were held in the Helensburgh Office. A review has taken place and it has been

agreed that the APL files will now be located in 2 locations depending on which geographical area the provider operates. Where the service is provided in Helensburgh, Lomond, Cowal and Bute the location of the APL file will be Scotcourt House, Helensburgh and where the service is provided in Mid Argyll, Kintyre, Islay, Oban, Lorn and Isles the files are located in Kilmory, Lochgilphead. Council wide providers' files will be held in Lochgilphead.

3.3 The auditor sampled 27 providers from the most up to date APL reviewing the paper files to confirm the following:

- That the organisation is registered with the Care Commission;
- Up to date financial information is on file – this has been reviewed by officers in Strategic Finance and the organisation has been approved for inclusion on the APL or to remain on the list;
- Health and Safety Approval has been given;
- There is proof of current insurance cover which includes the following cover
 - £10 million employer's liability
 - £5 million public liability

3.4 The auditor visited the 2 locations and was given access to the APL files. All the APL files requested were available.

Case File Audit

3.5 The aim of this part of the audit was to ensure that there were adequate contractual arrangements between the Council and external providers for the purchase of a service for a Council client. To enable this to be done the auditor required to view individual case files to ensure that there was an appropriate contract in place between the Council and the provider, and that what was detailed in that contract reflected the requirements of the client detailed in the care plan. The auditor requested details of all clients, Adults and Children and Families, who were in receipt of a care service purchased from an external provider.

Adult Services

3.6 The list of all Adult clients receiving a service which was being purchased by the Council from an external provider was provided to the auditor by Planning and Performance and Strategic Finance.

Children and Families

3.7 The auditor found that there is no complete list held centrally of children receiving a purchased service. Detailed lists of all Children Affected by Disability and Children in Residential Placements are maintained centrally. However there is no central register of children (without a disability) who are in receipt of a community based service and the auditor was advised that these details are held locally. Discussion with the Head of Children and Families indicated that there is no operational requirement to maintain this information centrally.

4 MAIN FINDINGS

- 4.1 The audit identified a number of areas of concern which need to be addressed by the Service as a matter of urgency.
- 4.2 The exercise to verify the information held on the APL files found that in general the process is working well. A number of minor issues have been identified however they relate to the recording of information on APL files and can easily be rectified.
- 4.3 In general the procedures which have been issued in relation to Adult Services are clear and are being followed. There was however a number of cases where the procedures had not been followed and staff need to be reminded of their responsibilities in relation to contracts.
- 4.4 The cases sampled within Children and Families indicated that further improvements are required in relation to the issue of contracts for services purchased from external providers.

5 RISK ASSESSMENT

- 5.1 As part of the audit process and in conjunction with our Risk Based Auditing approach, the risk register was reviewed and no areas were identified that needed to be included within the audit.

6 CORPORATE GOVERNANCE

- 6.1 There are no corporate governance issues to be reported as a result of this audit.

7 AUDIT OPINION

- 7.1 Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8 ACKNOWLEDGEMENTS

- 8.1 Thanks are due to staff within Community Services (Adult Services, Children and Families and Planning and Performance) and Strategic Finance for their assistance during the course of the audit.
- 8.2 Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in Section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.
- 8.3 This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2 ACTION PLAN

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	The spreadsheet which is used to record the financial assessment of the organisation does not show what years accounts the assessment has been based on	Medium	The spreadsheet which is passed between Strategic Finance and Quality Assurance to record the financial assessment of the organisation should clearly state what years accounts the assessment has been based on.	Quality Assurance Manager	July 2009
2.	Some providers have failed to provide up to date financial information despite numerous requests. It is unclear from the file on what ground the Council has continued to use these providers despite them not complying with QA's requests for information	Medium	Provider's APL file should record any risk assessment which has been carried out in situations where the financial information on file is out of date and providers have failed to provide more up to date information despite requests. This would provide evidence of why the Council has continued to use a provider despite their failure to comply with Council guidelines.	Quality Assurance Manager	August 2009
3	It is not always clear from the documentation held in the Health and Safety Section of the APL file if the H&S assessment on file is still valid	Medium	It would be good practice to add a note to the Health and Safety section within the APL confirming that no change has taken place and that the assessment still stands.	Quality Assurance Manager	August 2009

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
4	The procedural Guidance - Commissioning a Care Service makes reference to contract documents which have only recently been finalised or cannot be found in the location stated. E.g. Residential Placement Contract and Out of Area Community Placed Contract	High	<p>The Procedural Guidance – Commissioning a Care Service must be reviewed as a matter of urgency on order that it reflects the current position in relation to the issue of contracts. The Section in relation to Residential Placements will require to be changed to reflect the new procedures which are currently being implemented. This will confirm that the Residential Placement Contracts will be issued by Income Maximisation and will clarify where the responsibility for completing the client specific details on the appendix lies.</p> <p>Training on the updated procedures should be carried out.</p>	Quality Assurance Manager	December 2009
5	Actions lists have been prepared for both Adult Services and Children and Families management detailing issues requiring action.	High	Quality Assurance should monitor the progress of the action points detailed in the Action Lists.	Quality Assurance Manager	December 2009