



Internal Audit Report

Community Services

Review of Debtors Accounts – Direct Payments

November 2011

1 INTRODUCTION

This report has been prepared as the result of Internal Audit's involvement in a review of Direct Payment arrangements as part of the 2011/12 Internal Audit Annual Plan.

A Direct Payment is an amount of money paid by the Council to a person whom it has assessed, through a community care assessment, as needing community care services. Instead of the care required being arranged by the Council the person receives a Direct Payment to enable them to purchase the care themselves.

In 2010/11 £1.84m was paid out by the Council in respect of Direct Payments, with £1.07m being paid to the end of September 2011.

In October 2010, Customer Services Commissioning Team undertook a review of the Direct Payment process used by care management. The review resulted in a report which included 14 recommendations. In addition it identified anomalies in 90 of the 130 Direct Payment cases.

A short life working group chaired by the Service Development Manager (Adult Care) was set up to ensure that the issues raised in the report were addressed. The working group consisted of officers from Customer Services, Community Services and Chief Executive's.

The remit of the working group was to develop procedures for the award and management of direct payments, thus ensuring a consistent approach across the Council. In addition, the group was to monitor the progress being made in rectifying the anomalies in the cases identified by the Commissioning Team. Internal Audit provided a scrutiny role for the working group.

2 AUDIT SCOPE AND OBJECTIVES

The object of Internal Audits involvement in the working group was to provide challenge into the development of the new Direct Payment procedures and to ensure that a new system provides accountability for the public funds being used.

3 RISK ASSESSMENT

As part of the audit process the risk register was reviewed to identify any risks that potentially impact on the audit. The following risks were identified.

- SR03 Failure to implement legislation in relation to the young and vulnerable;
- SR16 Failure to have a robust internal control process and system;

4 CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit.

5 MAIN FINDINGS

The working group has developed two procedural documents to address the issues raised in the Customer Services, Commissioning Team's report of October 2010.

At the close of the working party the anomalies identified in 57 of the original 90 cases had still not been satisfactorily resolved; despite it being a year since the Commissioning Team highlighted their concerns.

6 RECOMMENDATIONS

Four recommendations were identified as a result of the audit, 1 rated as high 2 rated as medium and 1 rated as low priority. The recommendations are shown in the action plan attached at Appendix 2 and has been compiled with the co-operation and agreement of the Supervisor/Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

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 fundamental, material or minor. 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.

7 AUDIT OPINION

Based on the findings we can conclude that Community Services have produced two procedural documents which should address the findings of the 2010 review by the Commissioning Team. However, the ultimate success of the new procedures depends on care management developing care plans which relate directly to the level of Direct Payment being made

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

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

Service Development Manager, Adult Care, Community Services

Area Managers, Community Service

Personal Assistant Adviser, Community Services

Finance Officer, Community Services

Administration Officer (Finance), Community Services

Performance Improvement Officer, Customer Services

Resource Worker, Community Services

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.

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. In any circumstances where anyone other than the Council accesses this report it is on the strict understanding that the Council will accept no liability for any act or omission by any party in consequence of their consideration of this report or any part thereof. 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 | <p>Care management play a pivotal role in the success of the direct payment process as the care plan and direct payment awards must be such that they can be effectively monitored.</p> <p>The working group agreed that the launch of the new procedures should include training of all care managers to ensure that that they are clear on their role and responsibilities in the direct payment process.</p> | Medium | As agreed by the working group the launch of the new procedures must include training of care managers in their roles and responsibilities in relation to direct payments. | Personal Assistant Advisor, Community Services | End of March 2012 |
| 2 | The Scottish Personal Assistant Employers Network (SPAEN) has approached the Council with an offer to provide a support service at the cost of £3,000 per annum. | Medium | In considering the offer from SPAEN to provide a support service, the Council must ensure that any service provided by SPAEN does not duplicate the service already provided by the | Personal Assistant Advisor, Community Services | End February 2012 |

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|-----|--|----------|---|---|---------------------|
| | | | Council's Personal Assistant Advisor but either compliments or replaces it. The Council must ensure that however the support service is provided that Best Value is achieved. | | |
| 4 | At the close of the working party 57 of the cases identified as having anomalies had not been satisfactorily resolved. | High | The Service must address this situation as a matter of urgency. to ensure that the correct payments are being made to clients, that direct payments are being used appropriately, the client's needs are being met and a that a direct payment is the most appropriate way to manage the clients care need. | Head of Adult Services, Community Services | End March 2012 |