

# 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>HOME CARE CONTRACT MONITORING</b>
<b>AUDIT DATE</b>	<b>JANUARY 2015</b>

**2014/2015**



## **1. BACKGROUND**

This report has been prepared as a result of the internal audit review of Home Care Contract Monitoring within Community services as part of the 2014/2015 internal audit programme. The Audit specifically focussed on home care packages within Cowal & Bute.

Homecare services are provided via a mix of internal and external suppliers. The procurement and commissioning team together with the homecare procurement officers are responsible for best value, contract compliance, quality of services and monitoring customer satisfaction. This is intended to support community services to commission quality care at home services via formal procurement and commissioning procedures.

Argyll and Bute Council's procurement and commissioning team are responsible for the contract and supplier management of these services. This is complimented by the service monitoring and review process carried out by homecare procurement officers and case managers. The procurement and commissioning team carry out quarterly contract management meetings that determine the risk rating of each contract. All contracts are risk rated using a combination of care Inspectorate grades, service concerns and complaints.

The budget for homecare for 14/15 is approximately £10m.

## **2. AUDIT SCOPE AND OBJECTIVES**

The audit was limited to reviewing the following controls:

- Assessment of monitoring and review protocols.
- Compliance with monitoring and review protocols
- Invoice /Billing amounts are correct in respect of approved rates and
- invoicing is only in respect of the service specified.

## **3. RISKS IDENTIFIED**

Operational Risk Register (ORR)

Failure to safeguard vulnerable adults

Failure to adhere to homecare operational policy

Resources not aligned to service requirement

Inadequate monitoring and reporting arrangements

#### 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.
<b>Substantial</b>	Internal Control, Governance and the Management of Risk have displayed a mixture of little residual risk, but other elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
<b>Limited</b>	Internal Control, Governance and the Management of Risk are displaying a general trend of unacceptable residual risk and weaknesses must be addressed within a reasonable timescale, with management allocating appropriate resource to the issues.
<b>Very Limited</b>	Internal Control, Governance and the Management of Risk are displaying key weaknesses and extensive residual risk above an acceptable level which must be addressed urgently, with management allocating appropriate resource to the issues.

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:

### Assessment of monitoring and review protocols

- 5.1 It was evidenced that monitoring and review protocols exist and individual guidance documentation is available; however, procedures are not clearly defined and are fragmented. There is no overarching document that outlines roles and responsibilities.
- 5.2 Protocols exist in terms of quarterly meetings with providers and contracting & commissioning staff. Homecare staff are also represented providing a link to home care service monitoring.
- 5.3 Monthly audits are carried out by procurement and commissioning staff who randomly sample supplier records against agreed service provision.
- 5.4 The procurement and commissioning team is responsible for following up service improvement issues and actions.
- 5.5 Homecare procurement officers undertake service monitoring and review packages on an individual basis.
- 5.6 Spot checks are carried out by homecare procurement officers.

### **Compliance with monitoring and review protocols**

- 5.7 It was evidenced that quarterly contract monitoring meetings are held between the provider, homecare staff, procurement and commissioning staff to discuss any contractual issues, review local issues and to discuss any concerns being raised.
- 5.8 It was evidenced that monthly audits were carried out by procurement and commissioning staff.
- 5.9 It was evidenced that the procurement and commissioning team actively follow-up service issues and improvement actions.
- 5.10 It was evidenced that service monitoring and review procedures support and feed in to overall contract monitoring arrangements.
- 5.11 It was evidenced that homecare procurement officers undertake spot checks of care packages.
- 5.12 Performance improvement officers previously provided quarterly reports to the Area Committees in terms of the target number of reviews to be carried out and the actual carried out. This reporting has now ceased.

### **Invoice /Billing amounts are correct in respect of approved rates and invoicing is only in respect of the service specified.**

- 5.13 Invoices are checked by finance assistants who verify the invoiced amount against agreed service provision and rates.
- 5.14 It was evidenced that invoices are appropriately authorised prior to processing by creditors.
- 5.15 Process flow charts are available for staff to follow in relation to invoice procedures, including checking variations and authorisation.
- 5.16 Procedures and processes are in place to actively recover chargeable elements of home care packages as per community based charging scheme.

## **General**

- 5.17 Quarterly homecare forums are held in which all providers attend to review strategic issues such as emerging themes, joint training and joint working.
- 5.18 Effective budget monitoring arrangements are in place. Monthly homecare budget monitoring reports are produced showing projected outturn against annual budget. Projected activity trends for homecare paid hours (internal and external) reports are produced along with movement in average care hours per day per client.
- 5.19 Self Directed Support (SDS) allows clients to select their care provider. This will have an impact on the contracting framework which may then require to be reviewed, however, there is a clause within the contracts that allows the Council to move services around and continue to meet contract framework obligations.
- 5.20 The Council regularly undertakes an analysis of demand for the service and a resource plan is prepared which is monitored against actual service demand. Monthly reports are produced which show the number of outstanding clients waiting on a home care service.
- 5.21 Homecare providers are selected in accordance with the authority's financial and contract rules and are appropriately authorised.
- 5.22 It was noted that arrangements for record keeping was fragmented and information is held in a number of separate systems i.e. hard copy files, network drives, and formal information management system (Carefirst).

## **6. CONCLUSION**

This audit has provided a substantial level of assurance. There are 3 recommendations for improvement identified as part of the audit set out in Appendix 1 and Appendix 2. There is one medium recommendation which will be reported to the Audit Committee. There are 2 low recommendations which will not be reported to the Audit Committee. Appendix 1 and Appendix 2 sets 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.

**APPENDIX 1 ACTION PLAN**

Findings	Risk Impact	Rating	Agreed Action	Responsible person agreed implementation date
<b>1.</b>		<b>High/ Medium or Low</b>		
It was evidenced that monitoring and review protocols exist but procedures are not clearly defined and are fragmented. There is no overarching document that outlines roles and responsibilities.	Non adherence to policy Incomplete monitoring	Medium	Procedures to be updated and issued to operational staff.	Service Manager Operations, Commissioning Officer  Area Managers Meeting for Sign Off April 2015 and implementation thereafter.

**APPENDIX 2 ACTION PLAN**

<b>Findings</b>	<b>Risk Impact</b>	<b>Rating</b>	<b>Agreed Action</b>	<b>Responsible person agreed implementation date</b>
<b>2.</b>		<b>High/ Medium or Low</b>		
Performance improvement officers previously provided quarterly reports to the Area Committees in terms of the target number of reviews to be carried out and the actual carried out. This reporting has now ceased.	Inadequate reporting leading to poor decision making	Low	Service manager operations to agree format with area managers for reporting to local committees.	Service Manager Operations. June 2015
<b>Findings</b>	<b>Risk Impact</b>	<b>Rating</b>	<b>Agreed Action</b>	<b>Responsible person agreed implementation date</b>
<b>3.</b>		<b>High/ Medium or Low</b>		
It was noted that arrangements for record keeping was fragmented and information is held in a number of separate systems i.e. hard copy files, network drives, and formal information management system (Carefirst).	Loss of coordination and increased risk of error and poor decision making	Low	Service manager operations to confirm with area managers the agreed arrangements for record retention. Options are Care First or hard copy (Orange Files) only.	Service Manager Operations June 2015



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