

**REPORT OF DEPUTY CHIEF EXECUTIVE & CORPORATE DIRECTOR FOR  
RESOURCES**

**INTERNAL AUDIT REPORT SELECTED FOR EXAMINATION**

**1. PURPOSE OF REPORT**

This report presents the Internal Audit report selected for detailed examination at the November 2011 meeting. The Audit Committee's role is to appraise the quality and scope of the Internal Audit work and determine whether the action taken by the audited service was sufficiently robust and prompt in response to the audit findings. Colleagues from Internal Audit and the reviewed service will be present at the meeting to assist this activity.

**2. RECOMMENDATIONS**

To critically appraise the Internal Audit reports at **Appendix A** (Self Directed Support) to:

- determine whether the audit work was of an appropriate quality and scope;
- determine whether the service response was sufficient, robust and prompt;
- make any further observations and/or comments considered relevant;
- determine any further action.

**3. REASONS FOR CONSIDERATION**

The critical appraisal of selected Internal Audit reports is an important aspect of the Audit Committee's governance work. This helps the Committee to fulfil its responsibility to receive reports on the work undertaken by Internal Audit and to monitor its performance. In doing this, the Committee is testing the robustness of and contributing to the organisation's audit and other governance arrangements. This also aids development of a deep understanding of the Council's internal control environment and Internal Audit working practices. Issues to consider are:

- how the audit was selected – for example the risk assessment, the potential for fraud, previous track record of the service, frequency of the audit;
- whether the audit coverage was appropriate, adequate and correctly focussed;
- the time spent on the audit against the outcomes and findings;
- the quality of the Internal Audit report;
- the actual findings and the impact on the service and the Council overall;
- the service's response to the audit recommendations;
- the speed and robustness of the actions taken to address the recommendations;
- whether there are any learning points or principles that could be applied in future audit or governance work.

This list is illustrative only and the Committee is at liberty to explore other governance issues.

#### 4. OVERVIEW OF WORK UNDERTAKEN

Appendix A is a final report issued on 18 July 2011. Table A outlines the audit work and summarises key issues.

<b>TABLE A – Final Audit Report – Direct Payments</b>					
<b>Reason for audit</b>					
The Adult Assessment Directorate of Children and Families had, during 2010/11 a budget of £4.6m for Direct Payments for service users. Therefore, as part of the 2010/11 Audit Plan Internal Audit reviewed the systems and processes relating to these payments.					
<b>Assurance level:</b>		Limited			
<b>Key findings</b>					
<ul style="list-style-type: none"> <li>○ The role and responsibility of Panels is not formally documented or approved.</li> <li>○ Panel may not receive financial information as to the level of funding already committed and the level of funding available.</li> <li>○ The Executive Board reduced Corporate Director’s financial approval limits from £50k to £25k on the 22 March 2011. Approval above this limit is to be made by the responsible Portfolio Holder. This has a direct impact on the ability of Panel to approve the cost of care packages.</li> <li>○ There is no reconciliation between the expected data that is processed by Accounts Payable and the data actually input.</li> <li>○ There are deficiencies within the current IT arrangements concerning Direct Payments which need to be addressed as a matter of priority as they relate to Strategic Risk SR22 - Putting People First. In particular to the IT risk, “Failure to deliver IT system to efficiently and effectively support assessment &amp; care management processes”.</li> </ul>					
<b>Recommendations</b>					
<b>Total:</b>	16	<b>High Priority:</b>	7	<b>Medium Priority:</b>	7
<b>Time taken</b>					
<b>Actual days:</b>	22		<b>Planned days:</b>	23.4	
<b>Implementation of recommendations</b>					
The ownership of Internal Audit recommendations is the responsibility of the audit client. An update of progress has been included in the report. In summary all recommendations are complete or plans are set in place to complete them or address the underlying issue before the end of March 2012.					

#### 5. BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING EXEMPT OR CONFIDENTIAL INFORMATION

None

6. **PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

Minutes and report from the Audit Committee 25 November 2011

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# Final Internal Audit Report Direct Payments 2010/11 Community and Resources Departments

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# 1 Executive Summary

- 1.1 We have reviewed the systems and processes relating to Direct Payments for Adult Social Care as part of the 2010/11 Audit Plan.
- 1.2 Direct Payments began in 1996 when the Government gave Local Authorities the power to offer direct payments to service users. In 2003 this power became a statutory. The resultant change in the regulations means that a direct payment option must be offered as an alternative means of funding citizens care provision.
- 1.3 In 2008 the Government commenced its “Putting People First” initiative in order that citizens could personalise the way in which they wished to receive services and the way in which services would be funded. Under this initiative each citizen has a personal budget which they may receive in the form of a direct payment, commissioned service or a combination of both. In order to manage this programme the City Council identified a strategic risk within the Corporate Risk Register (SR22 Failure to achieve the national policy requirement, milestones and targets for Putting People First.) This risk cuts across the application of Direct Payments and the implementation of Personal Budgets. There are many strands to this risk, but two of these key risks are:
  - IT system fails to effectively support the new assessment and care management processes
  - Failure to implement new, more efficient processes for financial assessment and care purchasing
- 1.4 These two risks will be covered in more detail within a review of Putting People First later in the year.
- 1.5 A more recent advancement has been the introduction of “Think Local, Act Personal: Next Steps for Transforming Adult Social Care” as a way forward for personalisation and community based care. This initiative continues to rely on the use of Personal Budgets and the use of Direct Payments as a means of funding that care.
- 1.6 The scope of this review looked at the following aspects of direct payments:
  - The authorisation and payment process of Direct Payments.
  - Amendments to data and the authorisation process for changes in funding
  - The monitoring process to ensure that the funding has been appropriately utilised.
  - Reconciliation of the payments made through OneWorld to the City Council’s ledger.
  - Access controls and the back-up process concerning the access database and spreadsheets.

- 1.7 This review also touched on Self Directed Support Direct Payments and Commissioned Services as a by-product of reviewing Direct Payments.
- 1.8 We have not reviewed Direct Payments made for our young citizens as these payments are administered by the City Councils' Department of Children and Families and not paid through Communities or Resources Departments.
- 1.9 During the course of this review we identified a number of areas where there are gaps within the framework of controls and these are detailed below in 1.11. However, the results of our testing enable us to confirm that:
- Social Care Panels approve the commitment of expenditure for each client, though there are issues around audit trails and formal communication of the approved value.
  - Signed DP2 agreements with citizens were located, though issues do exist over the age of some of these agreements which, in some instances, date back to 2005.
  - Each of the cases examined had a service start date recorded within CareFirst.
  - The actual payments made agreed with the Direct Payments Team – payments spreadsheet.
  - There is evidence of case reviews being undertaken in terms of both quarterly financial monitoring and annual social care reviews.

## Opinion

- 1.10 We are required to provide an opinion on the adequacy and effectiveness of internal controls in relation to the area under review. Our opinion is based on the work performed as set out in the agreed Audit Brief and is subject to the scope set out above. We are able to give **limited assurance** on the controls in this area.
- 1.11 The reasoning behind this level of assurance is that whilst processes are being followed and the key controls are operating, there are the following gaps within the framework of controls:
- The Social Care Panels do not have any formal terms of reference and may therefore be operating and approving the commitment of expenditure without the correct level of authority or formal empowerment.
  - The amount of the approval is not clearly documented within the panel documentation. There is in some instances an assumption that the Chair of the panel has approved the value shown within the costed support plan as the only record available is an e-mail from the Panel Clerk with that value recorded upon it
  - The City Council has a Strategic Risk – SR22 - Failure to achieve the national policy requirement, milestones and targets”. One of the red risks associated with this risk is “Failure to deliver IT system to efficiently and

effectively support assessment & care”. From the work that has been undertaken workarounds have been developed over a number of years to reflect changes in the client groups required to receive direct payments and to manage the processes to ensure payments are made. Some of these workarounds have led to a lack of clear audit trail from point of approval through to the payments being made and the reviews undertaken. Some of this loss relates to the fact that the data is being recorded within different IT applications; such as Castle, CareFirst, OneWorld, an access database and five different excel workbooks, and there is no clear cross referencing between the data and source documents.

- In addition, there are no linkages that exist between the services that are commissioned by Children and Families Commission Team, Direct Payments and Commissioned services for Self Directed Support. Therefore, there is no mechanism to assure us that we are receiving the services for which we are paying, in terms of quality and quantity.

However, the first tentative steps are now being taken to address this risk with discussions having started within and between the Resources and Communities Departments, and there is a proposal to appoint a Project Manager to enable a suitable software application to be procured to mitigate this risk.

- Associated with the SR22 and IT systems is the fact that payments record are retained within an access database and the payments are generated by means of an excel spreadsheet. There are a number of risks associated with this method of processing in that neither the access database nor the spreadsheets are password controlled or have an audit trail. This means that the data could be accessed and amended by unauthorised colleagues, and there would be no record as what was changed or who had changed it. In addition, a different work book is created each year to record the payments, therefore, over time, the audit trail becomes weaker and there is a greater risk of a spreadsheet being accidentally deleted or software versions changing making it less likely to get back to the prime record.
- In addition, the method by which the payments are generated is inefficient, in that Accounts Payable process the payments by inputting each line within a spreadsheet and there could be up to 300 lines on one worksheet that need to be processed. This can lead to errors in processing as different colleagues may process the data or data may be processed on different days leading to duplicate payments or omissions.
- There is no reconciliation of the expected payments to the payments generated within OneWorld. One consequence is that payment errors are not quickly identified.
- As a side issue to our review there is no mechanism in place that ensures that we are paying the right price for the services we are commissioning. Currently there is no practical means of checking every invoice that is received against every citizens agreed costed support plan to ensure that the invoice cost agrees with the commissioned price.

## Value Added

- 1.12 As well as highlighting the gaps in the control framework this audit adds value by identifying areas where improvements need to be made in order that potential efficiency saving can be achieved and where longer term decisions are required to improve the current systems and processes.

## 2 Responsibilities

- 2.1 Whilst a number of recommendations are included in this report, it is the responsibility of management to determine the action that will be taken in response to each recommendation. Management should assess the risks to the objectives involved and the cost-effectiveness of the control improvements suggested.
- 2.2 Management is responsible for ensuring that all agreed recommendations are implemented within the agreed timescales.
- 2.3 The City Council's Audit Committee review summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary. As a consequence we provide details of each final audit and recommendations made. Management may be required to attend Committee or respond to it in relation to actions agreed and taken
- 2.4 Management should note that any recommendations that relate to Financial Regulations must be implemented unless a satisfactory business case has been agreed justifying why the recommendation will not be implemented.



### 3 Action Plan

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
<b>Panels</b>					
R1	<p>The role and responsibility of panels is not formally documented or approved.</p> <p>Currently, panels review individual cases and then approve the commitment of expenditure relating to a Direct Payment or commissioned service or a combination of both.</p> <p>This commitment of expenditure normally resides with an individual colleague who has been approved to authorise such expenditure under the City Council's Financial Regulations.</p> <p><b>Risk</b></p> <p>Panel fails to acts effectively and acts outside its approved remit.</p>	<p>Terms of reference should be drawn up for panels and be formally approved by the Departmental Management Team as a means of formally acknowledging their role and level of responsibility.</p> <p>In addition, the role of panel to commit the City Council to expenditure should be reviewed and if considered appropriate formally endorsed.</p>	High	<p>Accepted by Operations.</p> <p>Work has been done on ToR for Panels but this requires formalising.</p> <p>The expenditure levels will be incorporated into the ToR as an appendix (as they can then be easily changed).</p>	<p>Tony Vardy</p> <p>31/10/11</p>
R2	<p>We reviewed 25 cases and found:</p> <ul style="list-style-type: none"> <li>• 8 panel approvals held on Castle</li> <li>• 2 had e-mail approvals from the Panel Clerk</li> <li>• 1 had a temporary approval which appears not to have been updated.</li> </ul> <p>Of those that were found, there was no indication as to the level of funding that</p>	<p>Panel decisions must formally record the value of the commitment and be signed by an appropriate colleague as approving the commitment of expenditure on behalf of the City Council.</p> <p>These formal decisions should be stored within</p>	High	<p>Accepted by Operations.</p> <p>Signed, 'valued' Panel sheets are sent back to social workers but the scanning of these back onto Castle will be tightened up.</p> <p>In addition, the introduction of improved financial</p>	<p>Tony Vardy</p> <p>30/9/11</p> <p>Operations/Commissioning/Finance/IT</p> <p>31/3/12</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	<p>had been approved by the panel.</p> <p>In 2 instances the only linkage to the approved cost was an e-mail from the Panel Clerk stating the value that had been approved.</p> <p><b>Risk</b></p> <p>No formal record of the actual cost approved could lead to inaccurate amounts paid and an unclear audit trail as to the level of approval.</p>	<p>Care First with the signed authority being held within Castle as a means of supporting the audit trail.</p>		<p>systems (ContrOC) will allow a single view of citizen's care package to be held. The package will be created with an unapproved status prior to any Panel authorisation; upon approval its status will then be amended (or not) to reflect its authorisation.</p>	
R3	<p>Panel does not receive any financial information as to the level of funding already committed and the level of funding available.</p> <p><b>Risk</b></p> <p>There is a potential for the City Council to over commit expenditure.</p>	<p>Panels should have knowledge as to the current level of commitment in order that they can make informed decisions.</p> <p>In addition, where budgets are coming under pressure, panel should be aware of those pressures at an early stage to provide for early discussions with Corporate Directors as to the impact of future decisions.</p>	High	<p>Accepted as an issue by Operations.</p> <p>This is a cross-functional problem which should be addressed by the new IT system and therefore it needs to be addressed as a cross-functional issue between Operations, IT and Finance. It will be dependant upon appropriate information being input into the new IT system.</p>	<p>Operations/Commissioning/Finance/IT</p> <p>31/3/12</p>
<b>Financial approval levels</b>					
R4	<p>The Executive Board reduced Corporate Director's financial limits from £50k to £25k on the 22 March 2011. Approval above this limit is to be made by the responsible portfolio holder.</p>	<p>Approval limits for colleagues should be re-aligned to take account of the new delegated limits.</p>	High	<p>Partially accepted by Operations.</p> <p>Dispensation arrangements</p>	<p>Helen Jones</p> <p>31/8/11</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	<p>This has a direct impact on the ability of Panel to approve the cost of care packages. We undertook a brief analysis of existing package costs, both direct payments and Self Directed Support and found 20 citizens whose existing packages exceed the new approval levels.</p> <p><b>Risk</b> Failure to follow council policy including financial regulations</p>			are currently being clarified as it is widely accepted this would render day to day care management operations unworkable.	
<b>Adoption and agreement of on-going commitments</b>					
R5	<p>During the course of this review we became aware of a direct payment case that was transferred to the City Council in 1996. When we reviewed the existing documentation we were unable to find a current DP2. In addition, there has been no formally documented acceptance or approval of the on-going costs.</p> <p><b>Risk</b> Loss of funds due to being unable to enforce contractual conditions attached to the provision of direct payments.</p>	<p>The on-going commitment should be formally approved and acknowledged.</p> <p>In addition, there should be a formal review of all long-term cases to ensure that there are up to date DP2's in place and to ensure that the citizen is aware of their obligations and the City Council is able to recover the funding should there be a change in circumstances.</p>	Medium	<p>Accepted by Operations.</p> <p>To be addressed during annual reviews.</p> <p>Practice Guidelines to be amended/reissued.</p>	<p>Operational staff during annual reviews</p> <p>Linda Sellars 31/8/11</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
<b>Unsigned Self Assessment Questionnaires (SAQ)</b>					
R6	<p>Whilst reviewing Direct Payments we identified 7 citizens who receive payments as part of SDS. All of these citizens had completed an SAQ however; signed copies of these SAQ's could not be located in 2 instances.</p> <p><b>Risk</b> Contractual disputes may occur where funds are spent inappropriately as the citizen has not signed up to the agreed required outcome.</p>	<p>Signed copies of the SAQ should be retained within Castle to ensure that the citizen has agreed to the outcomes and the SAQ is a true reflection of their needs at that moment in time.</p>	Medium	<p>Partially accepted by Operations. Practice Guidelines will be reviewed and reissued to ensure that workers are aware of the need to get SAQs signed (or noted as 'Unable to Sign') and the signature sheet scanned back onto Castle.</p>	<p>Linda Sellars 31/8/11</p>
<b>DP2 Direct Payment Agreements</b>					
R7	<p>Within the testing undertaken we were able to locate 21 of the 23 DP 2 Direct Payment agreements. 2 could not be found. Of the 21, 15 had been signed by the citizen.</p> <p>Some of the agreements go back to 2005 and appear not to have been re-signed to take account of new packages.</p> <p><b>Risk</b> Legal recovery of unspent or inappropriately spent funds may be difficult to achieve where copies of agreements are out of date and do not directly relate to the current level of funding.</p>	<p>New agreements should be signed as and when funding arrangements change to re-enforce citizen's responsibilities and the rights of Nottingham City Council to recover the funds.</p>	High	<p>Accepted by Operations.  To be addressed during annual reviews.  Practice Guidelines to be amended/reissued.</p>	<p>Operational staff during annual reviews   Linda Sellars 31/8/11</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
<b>Payments and amendments to payments</b>					
R8	<p>The process by which payments are generated has developed over a number of years using an excel workbook.</p> <p>The payments made for any given period are extracted from a payments worksheet and forwarded to an appropriate colleague for authorisation. An e-mail is returned from the authorising officer stating "authorised". E-mails are not the most efficient means of payment authorisation as staff may not respond until after the payment has been processed, in which case it is no control at all.</p> <p>Within the Accounts Payable process, when an order is generated the order is approved which generates the commitment within the City Council's Accounts. The fact that panel has approved the commitment: after the due process has been followed, means that the authorisation process becomes an additional level of checking by colleagues remote from the panel process.</p> <p><b>Risk</b></p> <p>Inefficiencies within the payment process leading to delays in the payment process.</p>	<p>One solution may be to follow the example of Supporting People where all the expected payments are physically authorised by a Corporate Director.</p> <p>This would require all the direct payments to be reconciled after being processed by the Direct Payments Team. The reconciliation is then certified in that the actual payments agree with those expected. This way there is positive confirmation as to the level of payments made.</p> <p>However, this solution would need to form part of a formal review of the processes, when a new IT system is introduced.</p>	Medium	<p>Accepted as an issue by Operations.</p> <p>The new IT system will address this problem requiring joint work between Operations, IT and Finance - it should reduce or remove the need to carry out reconciliations between systems.</p>	Operations/Commissioning/Finance/IT 31/3/12

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
R9	<p>At this point the excel spreadsheet is passed to Accounts Payable for each line to be input into OneWorld for the payment to be generated. The spreadsheet can hold over 100 individual payments.</p> <p>This method of processing is inefficient and time consuming and provides an opportunity for fraudulent or duplicated payments to be generated.</p> <p><b>Risk</b> Inefficient and ineffective means of working which increases the cost of processing payments.</p>	<p>When an IT application is available the systems should generate a feeder file to pass to OneWorld (or its replacement) in order that the payments are efficiently processed.</p>	Medium	<p>Accepted as an issue by Operations.</p> <p>This is a cross-functional problem which will be addressed by the new IT system and therefore it needs to be addressed as a cross-functional issue between Operations, IT and Finance.</p>	Operations/Commissioning/Finance/IT 31/3/12
R10	<p>There is no reconciliation between the expected data that is processed by Accounts Payable and the data actually input.</p> <p><b>Risk</b> Payments could be omitted, putting vulnerable adults at risk. Duplicated or additional records could be included and thereby creating potentially fraudulent payments.</p>	<p>There should be routine reconciliations undertaken to ensure that the expected input has been achieved.</p> <p>If a new system is introduced this reconciliation could form part of the authorisation process as a reconciliation will be required to ensure that the payments processed are accurate and complete.</p>	High	<p>Accepted as an issue by Operations.</p> <p>The new IT system will address this problem requiring joint work between Operations, IT and Finance – it should reduce or remove the need for such reconciliations.</p>	Operations/Commissioning/Finance/IT 31/3/12

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
R11	<p>We undertook a test of the payments made between January 2010 and February 2011 in order to identify if any duplicate payments had been generated. The result of this testing identified that there had been 16 duplicate payments made totalling £11,041. Colleagues in Direct Payments have started to recover 4 of these payments which amount to £5,606.</p> <p>Direct Payments were unaware of the remaining 12 duplicated payments amounting to £5,435. Direct Payments have now commenced action to recover this from citizens.</p> <p><b>Risk</b></p> <p>Overpayments made are not quickly identified leading to longer term difficulties in recovery and a negative effect on available funds.</p>	<p>Routine duplicate payment testing should be undertaken in order that overpayments can be quickly identified and funds recovered.</p>	Low	<p>This is a Finance issue which could be mitigated against by routine testing for duplicate payments. In addition, the new IT system will include mechanisms to avoid duplicate payments.</p>	
R12	<p>We reviewed 20 payments made during 2010-11 in order to verify that the payment made agreed with the values shown within the payments spreadsheet. Two payments indicated a different weekly value was being paid. One indicates there is an error within the spreadsheet, but payments to this individual have now ceased and payments to this citizen are being</p>	<p>All supporting documentation relating to payments should be either recorded in Care First or stored within Castle as evidence of the required changes in the care packages.</p>	Medium	<p>Accepted by Operations.</p> <p>The new IT system will help mitigate against this risk.</p>	<p>Operations/Commissioning/Finance/IT 31/3/12</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	<p>recovered.</p> <p>An explanation provided for the remaining case, indicates that there was an increase in the number of care hours provided. However, there is no supporting documentation for this change in either Castle or CareFirst.</p> <p>(Please refer to the section on IT Issues for findings concerning the use of spreadsheets and the access database used by Direct Payments).</p> <p><b>Risk</b></p> <p>Lack of a clear and concise audit trail could lead to fraudulent and unsupported transactions.</p>				
<b>Death List</b>					
R13	<p>The Direct Payments Team is unaware of the Death List used within Council Tax to identify where accounts cease to be liable.</p> <p>The Death List would help identify where clients have died and payments need to cease.</p> <p><b>Risk</b></p> <p>Overpayments continue to be made as the City Council is unaware that the client has died.</p>	<p>The Direct Payments Team should obtain a copy of the Death List from Council Tax in order that they can identify where service users have died and seek formal confirmation from the appropriate Social Work colleague.</p>	Low	<p>Accepted by Operations.</p> <p>Actioned already.</p>	n/a



Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
<b>IT Issues</b>					
R14	<p>There are deficiencies within the current IT arrangements concerning Direct Payments which need to be addressed as a matter of priority as they relate to Strategic Risk SR22 - Putting People First. In particular to the IT risk, "Failure to deliver IT system to efficiently and effectively support assessment &amp; care management processes".</p> <p>There are two primary systems that hold base data pertaining to a Citizens care. CareFirst contains the core data, such as CareFirst reference, Citizen name, address and Care related information. Whilst Castle supports by acting as the depository for the physical data, such as copies of the signed SAQ's, correspondence and costed support plans etc. Both of these systems have access controls in the form of passwords and are supported by IT. Internal Audit have reviewed the access controls within CareFirst and found that they do not follow best practice.</p> <p>By way of comparison Direct Payments and Panel use 4 different excel workbooks and an access database to record the same core data. This duplication of effort is both time consuming and inefficient.</p>	<p>In order to address recent developments within Self Directed Support and Direct Payments there is a need to invest in a suitable software application in order that the weaknesses identified can be addressed and the risks associated with SR22 mitigated.</p> <p>In the short-term the following should be considered:</p> <ul style="list-style-type: none"> <li>• Password controls be introduced on the excel spreadsheets and access database.</li> <li>• The use of excel spreadsheets be rationalised in order to increase efficiencies</li> <li>• The end to end process be reviewed to evaluate and document the required</li> </ul>	High	<p>Accepted by Operations.</p> <p>As noted above, working between Operations, IT and Finance will address many of the IT issues.</p> <p>In addition the use of passwords will be considered and we will also consider whether any spreadsheets can be removed or incorporated into others.</p>	<p>Operations/Commissioning/Finance/IT 31/3/12</p>

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	<p>In addition we have the following concerns about the spreadsheets and access databases:</p> <ul style="list-style-type: none"> <li>• There is no direct feed from CareFirst to the access database or the 4 other excel spreadsheets used within the SDS and direct payment process. This means there are data quality issues and efficiency issues around processing basic citizen data.</li> <li>• The excel workbooks and spreadsheets are not password protected which means any colleague having access to the relevant shared drive may change the data.</li> <li>• There are no audit trails within either the excel workbook or access database to show changes to the data, when they were performed and by whom. This was evident in one particular case where the weekly payment value had changed. The access database had no previous record of the care package and the weekly value on the excel spreadsheet had been changed. This was further compounded by the fact that the reason for the change had not been clearly documented.</li> <li>• The access database was</li> </ul>	<p>processes and procedures and to draw up a specification of what is required.</p>			

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	<p>developed by a Finance colleague who has since left the City Council and its structure has not been documented. The database is not formally supported by the City Council's IT Department.</p> <ul style="list-style-type: none"> <li>The access database is used to record the financial aspects of the citizen's care package. The access database does not generate the payment listing used to generate the payments to citizens. Instead, some of this data is repeated within the Direct Payments' payments spreadsheet which is used to record the actual weekly value of the payment. Therefore, there is an inefficiency and scope for errors and omissions.</li> <li>In relation to Self Direct Support, again a separate spreadsheet is retained that records the same data as for direct payments and also holds data relating to citizens who have commissioned services or a combination of both. Again there is a duplication of effort in recording the same personal and financial information.</li> <li>The access database has limited reporting functionality and does not provide any meaningful data that would aid the management of</li> </ul>				

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	<p>individual citizens' budgets.</p> <ul style="list-style-type: none"> <li>The excel spreadsheets and access database have no linkages to commissioning. Therefore, there is no practical means of checking that payments made are in accordance with the contract for each client and that any variations are picked up and investigated.</li> <li>There is no linkage between source documents scanned into Castle and information held within the excel spreadsheets.</li> </ul>				
<b>Personal Budgets</b>					
R15	<p>As a by product of our testing of payments we identified two instances where citizens are in receipt of a commissioned service. When the actual cost of this was compared with the costed support plan and the individual budgeted figures within OneWorld we identified that the actual cost exceeded the budget. However, due to the fact that there is no suitable software solution, this issue would not be identified and reviewed.</p> <p><b>Risk</b></p> <p>A lack of budget monitoring could lead to the City Council incurring additional costs</p>	<p>A suitable means of monitoring the costs should be introduced in order that the expenditure remains within the budgeted approval and within the terms of the costed support plan and the contract for the Commissioned Service. In addition any variations in the actual costs should be reviewed and where deemed necessary referred for review and</p>	<p>Medium.</p> <p>Accepted by Operations.</p> <p>To be addressed by joint working with IT, Commissioning and Finance on new IT system.</p>	<p>Operations/Commissioning/Finance/IT</p> <p>31/3/12</p>	

Ref	Finding	Recommendation	Priority	Management Response	Responsibility and Target Date
	that have not been approved or budgeted for leading to unchecked overspending.	challenged.			
<b>Case reviews</b>					
R16	<p>Within the sample we looked for evidence of review within those cases being paid as Direct Payments under the new SDS scheme. We identified that 3 of 5 cases identified had been reviewed.</p> <p>We then extended this test to look at the remainder of the sample and found that 4 had been reviewed within the last 12 months and a further 7 had been reviewed outside this period.</p> <p>The overall result being that 44% of cases had evidence of review.</p> <p><b>Risk</b></p> <p>Payments may continue to be made where the outcomes have been achieved and there is no further requirement or there may be a change in circumstance that requires additional funding to protect a vulnerable adult.</p>	<p>A programme of reviews needs to be established in order that payments remain valid and the needs of the vulnerable continue to be met.</p>	<p>Medium</p>	<p>Accepted by Operations.</p> <p>Reviews are scheduled and management has to monitor whether or not reviews have taken place, taking action as necessary.</p>	<p>Operational staff via annual reviews</p>

Signed..... Date.....

(3<sup>rd</sup> tier manager or above)

## Glossary of Terms

### Levels of Assurance

We use four categories to classify Internal Audit assurance over the processes examined, these are defined as follows:

**High Assurance** High assurance that the system of internal control is designed to meet the organisation's objectives and controls are consistently applied in all the areas reviewed. Our work found some low impact control weaknesses which, if addressed, would improve overall control. These weaknesses are unlikely to impair the achievement of the objectives of the system.

**Significant Assurance** Significant assurance that there is a generally sound system of control designed to meet the organisation's objectives and that controls are generally being applied consistently in the areas reviewed. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk.

**Limited Assurance** Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organisation's objectives at risk in the areas reviewed.

**No Assurance** No assurance as weaknesses in control, or consistent non-compliance with key controls, could result in failure to achieve the organisation's objectives in the areas reviewed.

Where appropriate we may also comment on the level of assurance we can give that objectives will be met. This may apply when there are risks either partially or wholly outside of the control of management.

### Categorisation of Recommendations

The recommendations within this report have been categorised by Internal Audit as:

**High Priority** A fundamental weakness which presents material risk to the audited body and requires urgent attention by management.

**Medium Priority** A significant weakness whose impact or frequency presents an unacceptable risk to the audited body that should be addressed by management.

**Low Priority** The audited body is not exposed to any significant risk, but the recommendation merits attention.

In all cases Internal Audit will follow up implementation of the recommendations by the agreed date.