

**FINAL INTERNAL AUDIT REPORT**  
**EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT**

**REVIEW OF DIRECT PAYMENTS AUDIT FOR 2015-16**

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## REVIEW OF DIRECT PAYMENTS AUDIT FOR 2015-6

### INTRODUCTION

1. This report sets out the results of our systems based audit of Direct Payments Audit for 2015-6. The audit was carried out in quarter Q1 as part of the programmed work specified in the 2015-16 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 24/04/15. The period covered by this report is from January 2014 to April 2015.
4. The Council has spent £5,865,071 in 2014/15 on Direct Payments. It has contracts with contractor 1 (annual value £35,000) to provide payroll services for carers and Contractor 2 to provide support to clients (annual value £118,000).

### AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

### AUDIT OPINION

6. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

### MANAGEMENT SUMMARY

7. Controls were in place and working well in the areas of:
  - Payments are only made to those who are eligible to receive Direct Payments

## REVIEW OF DIRECT PAYMENTS AUDIT FOR 2015-6

- Sufficient contract monitoring is undertaken of contracts related to Direct Payment.
  - Correct levels of payments are calculated and paid
  - Payments are made for the purpose intended
8. However we would like to draw to Management's attention the following issues:
- Instances of excess balances have been identified where funds have not been reclaimed.
  - Some clients do not have an authorised support plan and others have not been reviewed in over 15months.
  - There is no mechanism to ensure carers are DBS checked.
  - For some clients the DP5 (the binding contract between LBB and client) documents could not be found.
  - Procedures for chasing up clients who do not return monitoring information are not always followed.
9. Samples tested during the audit were 25 clients who are receiving direct payments (15 adults and 10 children), the top 10 balances held in clients accounts and 23 clients where monitoring had not been able to be completed for quarter four 2014.

### SIGNIFICANT FINDINGS (PRIORITY 1)

10. There were no significant findings identified during the audit.

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

11. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### ACKNOWLEDGEMENT

12. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Testing of a sample of the 10 accounts with the highest level of balance found that sufficient action to recover or use the balance was taking place in 8 instances. For the other 2, over 8 weeks payments are in the clients account, with no justifiable reason and action has not been taken to recover the balance. (P4053 £12782.89 and P1497 £8853.80)</p> <p>From testing the random sample of 25 clients who are receiving direct payments it was found that in 5 instances client accounts have gone over 8 weeks' worth of payments and insufficient action has been taken to recover this amount. (P13830, P9584, P58264, P116095 and P108713)</p>	<p>Clients may not be receiving the levels of care they are assessed as needing.</p>	<p><b>Client balances that exceed 8 weeks payments should be clawed back or queried why money is not being spent.</b>  <b>[Priority 2]</b></p>
2	<p>Testing of a sample of 25 people who are receiving direct payments established that of 25 that it was possible to test have had an initial care assessment carried out. The 15 adults that it was possible to test have all had a DP1 (request for direct payment form) completed as do the 10 children.</p> <p>However for 1 client their DP5 (the binding contract between LBB and client) could not be found (P20990) and for another client the DP 5 was not signed until a year after the client had started receiving direct payments (P58264).</p> <p>It was also found that for 1 adult (P4458) and 2 children (P9584, P9130) they did not have an approved support plan</p>	<p>Client's circumstances change and level of care is not adjusted to reflect this.</p>	<p><b>DP5s should be signed by all clients receiving direct payments.</b></p> <p><b>Consideration should be given to getting clients to sign the updated DP5 document.</b></p> <p><b>Support plans should be completed for all clients and clients reviewed annually</b></p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>and that for 1 adult (P52238) and 1 child (P42520), their support plans have not been reviewed in nearly 2 years.</p> <p>Following the 2012-13 audit it was recommended and accepted that the DP5 document would be amended to allow for Bromley to prosecute any clients who had fraudulently claimed or spent funds. 11 of the sample tested had not signed a new DP5 document, since 2012.</p>		<p><b>[Priority 2]</b></p>
3	<p>During the audit it was identified that there is no mechanism for ensuring that carers employed by clients are DBS checked. Contractor 2 will offer to undertake this service, though not all clients use them.</p>	<p>Clients may employ carers who are not appropriate.</p>	<p><b>Consideration should be made into checking that carers employed are suitable DBS checked.</b> <b>[Priority 3]</b></p>
4	<p>Testing of a sample of 25 clients who are receiving direct payments found that for 23 of the clients sufficient monitoring information had been provided, or the account had been escalated and closed as per agreed procedures. For the 2 where this was not the case, in one instance (MS P104250) timesheets have not been provided for several periods, but this has not been chased up. In the other instance SW, P240521, monitoring has also been returned though constantly missing receipts or bank statements. Several unexplained cash withdrawals have also been made. It was also found that</p>	<p>Money intended for client care may be spent on inappropriate items.</p>	<p><b>Procedures for ensuring clients return monitoring information should be followed.</b> <b>[Priority 2]</b></p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>receipts were not always being returned for all expenditure, though clients were not being chased for these (P214314 and P108713).</p> <p>An additional sample of 23 clients was selected from the monitoring spread sheet, where it had not been possible to complete the monitoring for Quarter 4 2014. These were tested to check if they had been escalated correctly. In 20 of these cases they had been correctly escalated, or a reason given for non-return of monitoring information. In one instance (BR P65004) it has been escalated to the Care Manager, but no further action has been taken. In another instance (FB P83667 it was escalated to the Care Manager, and although the family have been contacted, there remains missing documentation). In the final instance (DB P21143) the Direct payment ended and final monitoring was not received nor any money returned. Contractor 3 asked the Care Manager to request this, but has not been received.</p>		

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Client balances that exceed 8 weeks payments should be clawed back or queried why money is not being spent.	2	<p>Client balances over 8 weeks are queried and clawed back where appropriate to do so.</p> <p>In some cases contagious is appropriate above 8 weeks. Care managers would need to document this on a support plan. Issues directive to care managers.</p>	<p>Operations Manager (Contractor 3)/Head of Exchequer Services</p> <p>Head of Assessment and Care Management</p>	<p>31/08/15</p> <p>September 2015</p>
2	<p>DP5s should be signed by all clients receiving direct payments.</p> <p>Consideration should be given to getting clients to sign the updated DP5 document.</p> <p>Support plans should be completed for all clients and clients reviewed annually</p>	2	<p>Reminder of process sent round to all staff in adult services.</p> <p>Updated DP5 will be signed at the point for review.</p> <p>DP5s to be discussed with LBB contractors.</p>	<p>Head of Assessment and Care Management</p> <p>Group Manager Disabled</p>	<p>September 2015 (Ongoing over the next 12 months August 2016)</p> <p>September 2015</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<p>P20990 –Team have been significantly involved with family relating to the monitoring of DP. Allocated worker, BB to contact Contractor 2, DL to ask this be completed.</p> <p>P9130 – Action Plan completed on CareFirst.</p> <p>P9584 – Is an adult case now.</p> <p>P42520 – Review Assessment and Action Plan require updating from February 2014</p>	Children’s Team	
3	Consideration should be made into checking that carers employed are suitable DBS checked.	3	<p>This is not the responsibility of LA for adults. SU/Authorised person are advised recommended to do this.</p> <p>Action has already been initiated to review DP policy to include using</p>	<p>Head of Assessment and Care Management</p> <p>Group Manager Disabled</p>	<p>September 2015</p> <p>December 2015</p>



MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<p>DP to provide overnight support. This review will also include the procedures for completing and monitoring DBS checks. In children's services we strongly recommend the completion of DBS checks, which is facilitated by Contractor 2.</p>	<p>Children's Team</p>	
<p>4</p>	<p>Procedures for ensuring clients return monitoring information should be followed</p>	<p>2</p>	<p>The monitoring procedures will be followed and the client records will be updated in CareFirst and the monitoring database to reflect action taken.</p> <p>Staff will be refreshed regarding the procedures to execute queries as followed up.</p> <p>For Children's cases identified, the actions were eventually completed, though the cases will be reviewed by the Group Manager.</p>	<p>Operations Manager (Contractor 3)/Head of Exchequer Services</p> <p>Head of Assessment and Care Management</p> <p>Group Manager Disabled Children's Team</p>	<p>August 2015</p> <p>September 2015</p> <p>September 2015</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
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## OPINION DEFINITIONS

## APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

### **Assurance Level**

### **Definition**

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.

Limited Assurance

Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.