

FINAL INTERNAL AUDIT REPORT
EDUCATION, HEALTH AND CARE SERVICES (ECHS)

REVIEW OF THE ADULT'S SOCIAL CARE (ASC) BUDGET MANAGEMENT 2018-19

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REVIEW OF ADULT'S SOCIAL CARE (ASC) BUDGET 2018-19

INTRODUCTION

1. This report sets out the results of our systems based audit of the ASC Budget Management 2018-19. The audit was carried out in Quarter 3 and 4 of 2018-19 as part of the programmed work specified in the 2018-19 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 scope of the audit was outlined in the Terms of Reference issued in July 2018.
4. It should be noted that the Authority as a whole does not currently carry any debt. This has been achieved through retaining previous years' collection fund surpluses (totalling £5.7m by the end of 2018/19), which is normally credited to revenue budgets, as well as operating a financial management and risk reserve of £10m which can support any planned transition in delivering significant savings to help meet the budget gap. Both are included within earmarked reserves.

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.

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MANAGEMENT SUMMARY

7. Controls noted to be in place and working well, based on the testing conducted, included:
- Quarterly budget monitoring meetings were held in addition to bi-monthly meetings for discussions regarding main cost drivers (such as placements). It was evident that high level monitoring reports had been used to track activity.
 - Anticipated shortfalls were identified prior to the financial year commencing, via the budget setting process. As part of the budget setting process, savings and growth were identified and considered, although it was noted that ASC costings were largely demand-led (which inherently increases the difficulty to which budgets can be set, especially in an area of complex and ever-changing demand).
 - Areas within ASC looked at potential ways of suppressing demand and costs. Due to the acknowledgement of demand and fact that ASC delivered greater savings a few years previously (£10m in 2016/17 for example), not as many savings had been realised recently. However, it was advised that the Council will soon be going through a wider transformational review in 2019/20.
 - Budget monitoring summaries had been reported to Members whereby key budgets were also discussed and any overspends and variances highlighted as necessary. Included in this were two identified management actions (under Assessment & Care Management Services for 65+, and Learning Disabilities), which were being projected during the year to mitigate any overspends. These were reduced as they were achieved and/or there was less time to achieve them. The 2019/20 Budget, which included various growth items across ECHS, had various savings / mitigation items included as well, and these were further included for future years (within the Four Year Financial Forecast).
 - There were a number of cost pressures on the ASC budget, which could have resulted in variances being realised. In response, the Council had enacted various recruitment drives and retention packages. This included the appointment of newly qualified staff and engagement with government funded schools to help attract people to train to become social workers (which had also seen some success).

However, we would like to bring to management attention the following issues:

- Areas of good practices identified from the 'Invest to Save' Scheme were advised not to have been fully embedded into the service.

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SIGNIFICANT FINDINGS (PRIORITY 1)

8. There were no priority one recommendations raised as part of this audit.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. 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

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

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DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
1.	<p><u>Invest To Save</u></p> <p>An Invest to Save Team was formerly established to run the Council's Invest to Save Scheme. This scheme covered the Learning and Disability service specifically and was used only for a set period of time to reassess care packages for adults in order to verify if they were appropriate for their needs. The scheme started in 2015/16 and ended on 30th September 2018 having achieved savings of £2.7 million; the cost of the scheme was £630K. It was originally anticipated that further savings would be achieved; however, this was advised to have been impacted by reduced capacity in the Learning Disability service. The minutes of the ASC Budget Monitoring meeting of 7th February 2019 documented that good practices had not been embedded into the Team:-</p> <p><i>'Invest to Save Team ceased on 30th September. Good practice hasn't really been embedded in the team. It was felt that there was potential for further ongoing savings to be delivered, which is hampered by a lack of capacity. There should be regular / more frequent reviews of transition cases to ensure appropriate levels of care are being provided'</i></p>	<p>Where good practices from schemes are not embedded into services there is an increased risk that any savings may only be one-off and therefore non recurrent. This could result in total expected savings not being achieved for ASC. It may also contribute to the overall Council budget (not just for ASC) failing to be achieved.</p>	<p>The Council should look to fully implement the control measure which it identified internally to be required i.e. requiring more regular / frequent reviews of transition cases to ensure appropriate levels of care are being provided.</p> <p>To help ensure that areas of good practice can be fully embedded into the activity of services, it is advised that ASC conduct a lessons learned exercise (using Invest to Save as the example), and share the results.</p> <p>(Priority 2)</p>

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APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1.	<p>The Council should look to fully implement the control measure which it identified internally to be required i.e. requiring more regular / frequent reviews of transition cases to ensure appropriate levels of care are being provided.</p> <p>To help ensure that areas of good practice can be fully embedded into the activity of services, it is advised that ASC conduct a lessons learned exercise (using Invest to Save as the example), and share the results.</p>	2	<p>Robust monitoring is in place for all Adult Social Care services with weekly performance reports; this includes reviews for Learning Disabilities clients. The performance reports are passed to the Portfolio Holder fortnightly.</p> <p>The Director of ASC will meet with all Heads of Service bimonthly to consider performance and share best practice.</p>	<p>Director of ASC</p> <p>Director of ASC</p>	<p>Completed</p> <p>Completed</p>

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.