



FINAL INTERNAL AUDIT REPORT

EDUCATION, CARE & HEALTH SERVICES DEPARTMENT

REVIEW OF RESIDENTIAL CARE AUDIT FOR 2018-19

Issued to: Tricia Wennell, Head of Assessment & Care Management,
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Naheed Chaudhry, Assistant Director, Strategy, Performance & Engagement,

Cc Gillian Palmer, Interim Executive Director of ECHS, (Final Only),

Prepared by: Principal Auditor

Date of Issue: March 6th 2019

Report No: ECHS/6/2018/AU

REVIEW OF RESIDENTIAL CARE AUDIT FOR 2018-19

INTRODUCTION

1. This report sets out the results of our systems based audit of Residential Care for 2018-19. The audit was carried out in quarter 3 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 placement budget for residential and nursing care is split by primary support reason such as Memory & Cognition, Physical Support, Sensory Support for the age groups 18-64 and 65+. For 2017-18, the outturn was £12,265,803 and for 2018-19 the budget monitoring as at September 2018 was £6,056,617 including emergency placements. This does not include mental health and learning disabilities placements.
4. This audit was completed in conjunction with the Nursing Care Audit for 2018-19.

AUDIT SCOPE

5. The scope of the audit was outlined in the Terms of Reference issued on 12/9/18.

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. Our testing identified the following issues which we would like to draw to management's attention:-

- Negotiations with providers regarding the weekly placement fee are not documented to confirm exactly what is included within the fee and there is no set process.
- Data had been incorrectly classified as emergency placements but has since been addressed. Emergency placement procedures needed to be reviewed.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. None.

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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APPENDIX A

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p><u>Residential Weekly Care Fee</u></p> <p>When a placement is sought for a service user, the Auditor was advised that the placement officers work within the ceiling rates and all placements are negotiated.</p> <p>Enquiries were made whether the negotiation process is documented and the Head of Brokerage and Placements advised that the negotiation of the fee is largely verbal discussions and there is not a set process in place. The Auditor was advised that the fee confirmation form is retained and held on Carestore.</p> <p>The cost of the placement may be higher than the ceiling rate limits if it is not possible to place the service user possibly due to the needs being too high. On this basis, where additional costs are requested from providers the breakdown of the support to be provided should be broken down alongside the costs.</p> <p>The fee confirmation form does not currently include a breakdown of the support and the associated costs.</p>	Lack of clarity in the fee confirmation form may cause possible disputes.	<p>Negotiations with providers should be fully documented to ensure that the individual needs of the service users are clearly documented so that there is a breakdown of the financial support and the associated costs.</p> <p>[Priority 2]</p>

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Priority 1

Required to address major weaknesses and should be implemented as soon as possible

Priority 2

Required to address issues which do not represent good practice

Priority 3

Identification of suggested areas for improvement

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DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p><u>Emergency Placements</u></p> <p>A copy of the Emergency Placement procedures were provided to the Auditor. The document is undated and has no review date.</p> <p>The Auditor was informed that the data in relation to emergency placements had not been necessarily correct previously due to the wrong classifications assigned to some service agreements and should now show as temporary placements instead and was from September 2017.</p> <p>Internal Audit was informed that a Carefirst BOXI report is run monthly to monitor the emergency placements as the costs of the placements by their nature can be at a higher cost.</p> <p>Copies of the reports were requested for April 2018, August 2018 and October 2018.</p> <p>The following issues arose :-</p> <ul style="list-style-type: none"> • The August file only contains two individual weeks and not the full month of data. • The placement with the highest number of days in 	<p>Higher cost emergency placements continue to be funded instead of a more cost effective long term residential placement having budget implications.</p> <p>Monitoring reports are not fully complete.</p>	<p>Emergency placements should be regularly monitored to ensure that an alternative, more cost effective placement can be sought where possible.</p> <p>Emergency placement procedures should be dated, fully reviewed, and include a review date.</p>

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	emergency placements was 742 days.	Not all support needs are included within the agreed weekly cost.	It should be documented why placements are in excess of the ceiling rates. Additional needs should be detailed to ensure that the weekly fee includes all relevant agreed support. [Priority 2]

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APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Residential Weekly Care Fee Negotiations with providers should be fully documented to ensure that the individual needs of the service users are clearly documented so that there is a breakdown of the financial support and the associated costs.	2	A new form was implemented last year which is sent to all providers who quote for costs above either host authority or LBB ceiling rates so that they can identify what needs are “exceptional” and the costs associated. As this was only introduced in latter part of 2018 not all sampled clients would have an associated form.	Head of Service, Placements and Brokerage.	Immediate.

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2	<p><u>Emergency Placements</u></p> <p>Emergency placements should be regularly monitored to ensure that an alternative, more cost effective placement can be sought where possible.</p> <p>Emergency placement procedures should be dated, fully reviewed, and include a review date.</p> <p>It should be documented why placements are in excess of the ceiling rates. Additional needs should be detailed to ensure that the weekly fee includes all relevant agreed support.</p>	2	<p>Emergency placements are generally charged at a slightly higher rate as the provider is accepting a client usually without the opportunity to assess and on same day so may incur additional costs in relation to meeting the client's needs.</p> <p>A dedicated Team Leader in Assessment and Care Management monitors the report weekly. The prices for Emergency Placements are negotiated by CPT who approach ACS management for a decision on the level of funding. The Team Leader checks the information and follows up with the other Team Leaders and the allocated worker to ensure the</p>	N/A Head of Assessment & Care Management.	N/A March 31 st 2019.

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			<p>case is being appropriately managed.</p> <p>Emergency placement procedures are in the process of being implemented.</p> <p>A new form was implemented last year which is sent to all providers who quote for costs above either host authority or LBB ceiling rates so that they can identify what needs are “exceptional” and the costs associated. As this was only introduced in latter part of 2018 not all sampled clients would have an associated form.</p>	Head of Service, Placements & Brokerage.	Immediate.

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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.