CONFIDENTIAL

FINAL INTERNAL AUDIT REPORT

EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF ASC DOMICILIARY CARE CONTRACT MANAGEMENT

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INTRODUCTION

1. This report sets out the results of our audit of Adults Social Care (ASC) Domiciliary Care Contract Management. The audit was carried out as part of the work specified in the 2018-19 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be addressed by management.
2. We would like to thank all staff contacted during this review for their help and co-operation.
3. Domiciliary care is provided to people who still live in their own homes, but who require additional support with household tasks, personal care or any other activity that allows them to maintain their independence and quality of life.
4. It was noted as part of audit scoping that the Council is currently considering whether its existing 'Framework' contract arrangement is working in practice, and whether it considers there to be a need to adopt a different model in future years. It was advised that capacity within the team is potentially an issue when the Council uses a higher number of domiciliary care providers. The ability to monitor, and improve, quality may therefore be better served if economies of scale could be obtained (potentially achieved through using a model with fewer providers). Such forward thinking is currently underway with a view to implementing a new approach by September 2021. The long-term vision is to refocus the provision of domiciliary care in line with the Care Act 2014, which requires developing a local approach to preventative support. Each local authority must provide or arrange for services, facilities or resources which would prevent, delay or reduce individuals' needs for care and support, or the needs for support of carers. Future changes may see a move towards a more 'incentive based' relationship with providers, with greater emphasis on the 'prevention' element (linked to the NHS Long Term Plan and Prevention Agenda), with use of tools such as 'telecare' (the use of technologies such as remote monitoring and emergency alarms to enable the unwell, disabled, or elderly to receive care at home so that they can live independently).
5. Whilst the above is forward looking, the focus of this audit fieldwork has been to review the system / processes that the Council currently has in place (the audit remains backwards looking per the standard Internal Audit methodology).

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AUDIT SCOPE

6. The original scope of the audit was outlined in the Terms of Reference issued on 16 April 2019.

7. The audit objective was to review the key controls around the existing domiciliary care contract management, including the governance and management of the contracts, to provide assurance as to whether the controls are satisfactory to mitigate the risks in this area. We examined the controls in place to mitigate the impact of the key risk areas highlighted below. Controls relating to corporate and departmental risks were examined where applicable. Our audit included a review of relevant documentation, interviews with key officers and testing of related procedures and processes.

8. The following were considered to be the key risks inherent to the Domiciliary Care Contract Management process:

   - Where a contract for the provision of domiciliary care is not in place and signed by all parties there is a risk that, if disputes arise, they cannot be easily resolved. Furthermore, it may mean that the contract cannot be easily monitored to ensure that an appropriate service is being delivered.
   - Where a contract specification is not in place, there is an increased risk that planned domiciliary care work may not be carried out, or may not be completed to the required standard.
   - Where variations to the contract are not signed-off by both parties, there is an increased risk that disputes could arise.
   - Where ordering, payment and reconciliation for works is not carried out effectively, there is a risk to the Council that care work may not be carried out by the contractor but the Council is still paying for it.
   - Where performance is not monitored (including through customer feedback), there is a risk that the contractor may not carry out their duties in line with the contract. In turn, this could lead to both reputational and financial loss.
   - Where budgets are not monitored effectively, there is an increased risk that more money could be spent than is available. Where management are unaware of the performance of the contract, there is a risk that the contract may be underperforming without the ability to take effective and timely mitigating actions.

AUDIT OPINION

9. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Limited Assurance	**(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)**

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
1	2	2

SUMMARY OF FINDINGS

10. Controls noted to be in place and working well, based on the audit testing conducted, included:

- There are two types of domiciliary care service provider contracts in place; spot contracts and framework contracts. Providers on spot contracts are expected to be used on an ad-hoc basis when no framework providers are available. However, in practice, this is not the case and providers on spot contracts are used as much as framework providers to meet demand. There are currently 39 care providers in use by the Council, 22 on spot contracts and 17 on framework contracts. The majority of the initial contracts in place expired in August 2017, with extensions subsequently being agreed. We were provided with sight of the folder in which all extensions and contracts are held.

- The total plan of domiciliary care work is approved on a case by case basis for each service user. Care plans are approved on the case management system, which details the approved number of hours and the type of care the user is to receive. Assessments are conducted to identify the amount of hours and type of care that a service user requires. The assessed number of hours and type of care is then authorised by the Senior Care Manager/Team Leader. A random sample of 20 service users was selected for testing. It was confirmed, in all cases tested, that the expected care assessments, care plans and action plans were available on the case management system.
- A signed contract is in place with the Exchequer contractor, to provide an Accounts Payable (AP) function to the Council. We were provided with the signed contract and Service Level Agreement (SLA), which outlines the following responsibilities with regards to making payments for domiciliary care services:
  - Payment of agencies invoices in accordance with the deadline set out in Domiciliary Care statement timetable.
  - Upload of actual hours of service delivered and the variation of care hours received and/or charges made to clients records.
  - Respond to queries from the Authority's Exchequer Service, including requesting timesheets from Agencies.
  - Request invoices for recharges to the Primary Care Trust (now Clinical Commissioning Group).
- We were informed that the contract with the Exchequer contractor is currently being put out to tender. This was confirmed through sight of the draft contract and tender documents. Review of the existing SLA in place confirmed that the Exchequer contractor is to provide the Council with monthly reports detailing various Key Performance Indicators (KPIs) surrounding the provision of the AP service. We examined the past three monthly reports provided to the Council. The reports included a summary of the total invoices due, total processed and the total not yet paid.
- The Exchequer contractor is also responsible for matching invoices. A report, which details the budgeted hours of care to be provided to each service user, is compared to a spreadsheet provided from the service provider detailing the actual care provided. The acceptable variance rate is embedded in the system and is dependent on the number of hours in the care plan. The acceptable variances are as follows:
  - less than two hours plan - acceptable variance is two hours.
  - between two and 10 hours plan - the acceptable variance is three hours.
  - between 10 and 20 hours plan - the acceptable variance is five hours.

- above 20 hours plan - the acceptable variance is 15%.

- The system formula for the above variances was reviewed to provide confirmation that these are set, and applied, in the system.
- Any variances identified, which are above this threshold, require the officer managing the care plan to enquire with the provider as to the reason for the variance. A random sample of 20 invoices was selected from a report of all service users and examined to confirm if there were any variances, and whether such variances had been explained or were within the set tolerance. It was confirmed, for all cases tested, that the any variances identified were all within the stated tolerance levels.
- Once an invoice has been matched by the Exchequer contractor, they are batched for payment (it was noted that bulk invoices are usually received to cover all hours across all service users, relevant to a specific service provider). The batches are printed and signed by the Council's Accounts Payable Manager as authorisation for payment. A sample of 20 care plans, initiated since April 2018 to date, was selected. A random invoice for each plan was reviewed to confirm the invoice from the provider was on file and the relevant batch for the invoice had been signed for approval. In one of the cases examined, the invoice had not been scanned correctly by the Exchequer contractor. Consequently, we were unable to verify it. However, the Exchequer contractor have since been notified of this and have rescanned the invoice accordingly.
- Quality Assurance Framework (QAF) reports are produced on an annual basis for each domiciliary care provider (framework and spot) by the Contract Compliance Officers. A sample of five providers was selected and their relevant QAF reports were evidenced.
- Review of the QAFs showed that each contained an outline of the service provider, the number of hours which they provide and the number of complaints received (if any). Where required, the reports detail recommendations for the service provider to improve the quality of the care provided. Should any areas examined in a QAF visit be identified to be at an unacceptable standard (i.e. rated a D or below) a focus visit is conducted to follow up on any recommendations raised. Focus visits are conducted between three to six months following the initial QAF, depending on the area which was rated D. For the five QAF reports reviewed, three had some areas rated as D or below. It was confirmed for all three that a focus visit had then been conducted within a suitable timeframe. Review of the focus reports showed that they outline the recommendations of the QAF report and draw conclusions as to whether the recommendations have been implemented. Should the recommendations not be implemented, the Council will

suspend using the provider, and any suspended providers are outlined on the Care Quality Commission (CQC) monitoring spreadsheet (discussed below).

- A spreadsheet is maintained, and updated on a monthly basis, which provides links to the last CQC reports produced for each provider. We were provided with a copy of the CQC monitoring spreadsheet and our review confirmed that it provides a number of details on each provider, including the CQC rating, dates of Council Visits, the date of the last QAF report and an overall rating for each provider.
- The Head of Contract Compliance and Monitoring provides the Portfolio Holder with a domiciliary care update each month. This includes a copy of a spreadsheet detailing the CQC scores for each provider, as well as a briefing note. We were provided with the past three e-mails providing the updates to the Portfolio Holder, as confirmation of this control taking place.
- An annual report is produced which covers domiciliary care at the Council. It was confirmed that the previous annual report was issued on 21 November 2018, with the report providing an overview of the services provided, each service provider and a breakdown of overall CQC ratings. Minutes from the Adult Care and Health Policy Development and Scrutiny Committee meeting on the 21 November 2018 confirmed this group had formally reviewed the Domiciliary Care Services Annual Quality Monitoring Report.
- The budget for domiciliary care is included as a subjective code within client group budgets the largest being for Adults and Older People. We were provided with all supporting information for these budgets, and it was confirmed that the budgets in place identify any variances which may exist. We were informed by the Principal Finance Officer for Care Services that meetings are held with management (Directors) on a quarterly basis to discuss the current budget position. We were provided with example screenshots, calendars and agendas for these meetings, as confirmation that they take place.

11. We would like to bring to management attention the following issues:

- For the sample of contracts it was not possible to physically verify current contract documentation.
- From our sample testing, one case was identified which could not be evidenced as having been authorised by the Practice Review Group.

- Although a check is completed, as part of QAF reporting, which compares total hours and number of service users for each provider, the results of this check are not routinely documented.
- There were gaps in the version control and review / approval processes enacted on supporting policies and procedures, linked to Adults Social Care. Guidance was therefore potentially in need of updating, including clarifying guidance to cover expected domiciliary care contract management processes.
- There is currently no overarching management control / information in place which looks to track / monitor the percentage of jobs that meet the expected cost of the care plans, and how frequently there may be under / over charges.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

12. 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, together with management's responses and timescales for implementation. Appendix B details the definition of the audit assurance and priority ratings.

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DETAILED FINDINGS AND ACTION PLAN

No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
1	Contracts From the sample of current domiciliary care contracts, block and spot, it was found that:- • for one framework provider, the signed contract in place had expired in August 2017. As at May 2019 there were 19 active care plans assigned with a total weekly cost of £4,298 • for one spot contract provider the contract had expired in March 2015. As at May 2019 there were 15 active care plans assigned with a total weekly cost of £3,148 • for one provider the contract is due to expire in August 2019; there was no provision of an extension to sign at the time of the audit.	Where signed contracts are not in place, there is an increased risk that, if disputes arise, they cannot be easily resolved. Furthermore, it may mean that the relationship cannot be monitored to help ensure that an appropriate service is being delivered.	It should be ensured that the relevant contracts and extensions for all providers are agreed. The three contracts identified during audit testing should be reviewed and the outstanding contractual arrangements remedied. The Department need to utilise the contract database to ensure a timely alert to extend/renew contracts prior to expiry. The Department need to comply with the practice notes issued by the Assistant Director Governance and Contracts with regard to documentation held on the contract database. **Priority 1**	i) For the first provider it has been established that this is no longer a framework provider but has moved to a spot contract. Action is already in progress to update the relevant contract and finalise a signed copy. Once the action is completed, this will be confirmed. ii) For the second provider it has been confirmed that relevant extension letters had been sent to the provider but were not returned signed by the provider. Action is already in progress to reissue the extensions and finalise a signed copy. Once the action is completed this will be confirmed. iii) For the third provider action is already in progress to issue extension and obtain signed copy. Once the action is completed this will be confirmed.	i) Head of Service Community Living Team – by October 2019 ii) Head of Service Community Living Team – by October 2019 iii) Head of Service Community Living Team – by October 2019

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
				iv) A review of all Domiciliary Care framework and spot contracts is in progress to ensure all relevant contracts are accurately recorded on the Contracts Database and that all supporting contract documentation is present and uploaded to the Database. Once the review, and any actions arising, is completed, this will be confirmed.	iv) Head of Service Community Living Team – by November 2019

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
2	<u>Care Plans > £200 per week</u> Care plans, which have a total cost of more than £200 per week, require approval by the Practice Review Group (PRG), through the authorisation of a supporting form. All details regarding the approval should then be attached to the case management system. A sample of 20 care plans (weekly cost >f £200) was selected. For one case there was no evidence of PRG approval for the domiciliary care provided between 19/7/18 to 11/6/19 at a cost of £276.78 per week. It was noted that the hospital team have dispensation to authorise a care package >£200 per week outside of PRG but the authority for this process was not available.	Where the PRG are not aware of care plans in place which exceed £200, there is an increased risk that the Council may exceed its expected budget for domiciliary care services, potentially resulting in a lack of funding for potential users of the services provided. Ultimately, this could also result in reputational damage to the Council.	A periodic report should be generated from the case management system which details all active care plans in place with a value over £200. This should be reviewed by the PRG to confirm that they have authorised all expected plans. The Council should decide: - how often the report should be run and checked; - who should own the process; and - how breaches of the expected process should be escalated (to help reduce any future omissions). The case identified through audit testing should now be reviewed retrospectively to confirm ongoing appropriateness. The authority for the hospital team to award up to placement cost should be evidenced **Priority 2**	A periodic report is not considered necessary at this stage given the Operation Manager carries out spot checks on packages over £200 in her service area. The Brokers will not commission services without the service request or PRA being authorised. For the specific case identified during the audit there was an authorisation for the increase. This can be found in an observation held on the case management system dated 18th July 18. An email was sent to the appropriate officer for authorisation of an increase. This case was authorised in a Service Request form by on 18th July 18 as per agreed process. An email is used when there are urgent authorisations needed to help facilitate timely discharges. This should always be followed with a PRA added by the person requesting the authorisation and	The Operational Manager Ongoing

No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
				authorised by the operational manager (or the TL/SCM with the authorising email copied in to the document). The PRA was not completed in this case. All staff will be reminded to follow procedures. The service will review the current process and put procedures, guidance including authority in the Hospital Team and AEIS in a written format	Head of Assessment and CM September 19. Head of Assessment and Care Management March 2020.

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
3	Verification of Hours Provided We were informed by the Contract Compliance Officer that checks are not conducted on every service user's hours specifically. This was deemed reasonable due to the high number of users. Instead, the overall numbers for total hours and number of service users for each provider is obtained from a report generated from the case management system, and recorded at the top of the QAF report. During the QAF visit the provider is requested to provide their figures. The report is compared to the service provider's data, to confirm that the correct number of hours is being provided. However, it was noted that this check is not routinely documented. It was advised that, should there be any discrepancy, these cases should be clearly documented.	Where such checking is not routinely documented, there is an increased risk that the providers are not providing the agreed levels of service, and that any exceptions may not be identified and escalated.	The reconciliation check which looks to verify the number of hours stated as being provided by the contractor, against the Council's record of expected time, should be clearly documented and made visible as part of the standard template for QAF reporting. Confirmation of a successful verification should be stated on the QAF report, as opposed to only reporting if there is an exception. **Priority 2**	The QAF documentation has been updated to accommodate the recommendations. The QAF documentation has been updated to clearly record the reconciliation check between Council data and provider data on hours provided, recording the outcome of the verification.	Head of Contract Compliance & Monitoring Completed September 2019

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
4	Policies and Procedures Review of the overarching policies in place, which cover Adult Social Care, found that there was no detailed procedural guidance for Domiciliary Care contract management processes.	Where policies and procedures are not in place updated accordingly, there is an increased risk that out of date or inappropriate working practices may be adopted, leading to potential for reputational damage or financial loss to the Council.	The current policies and procedures should be reviewed, updated and approved accordingly. Local procedures for Domiciliary Care contract management should be drafted and approved, to help provide comprehensive guidance surrounding the expected processes. Suggested content could include; the assignment of responsibilities to relevant officers, details on how contracts are expected to be monitored, the timeframe for completing QAF reports and focus visits. To avoid future slippages it its advised that: - ownership of the policies should be clearly assigned; and - future review dates should be monitored, potentially added a clear version history to all relevant documentation. **Priority 3**	A procedure/protocol document for contract monitoring and management is currently being drafted with the draft expected to be completed in October 2019. Consultation on the draft will then take place with relevant officers to finalise the document.	Head of Contract Compliance & Monitoring November 2019

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
5	Payment Tolerance Checks The Exchequer contractor is responsible for matching invoices. Before payment is processed, a report (which details the budgeted hours of care to be provided to each service user) is compared to a spreadsheet provided from the service provider (detailing the actual care provided). There is a built in a level of acceptable variance (as it is not realistic to expect an exact match due to the nature of work being delivered). There is currently no overarching management control / information in place which looks to track / monitor the percentage of jobs that meet the expected cost of the care plans and how frequently there may be under / over charges. However, it should be noted that the existing	If service providers realise that they will be paid, even if they charge slightly more than the expected activity, there is an increased risk that they may be indirectly incentivised to add on small additional values without any requirement to account for differences. Equally, the Council may not be able to routinely identify if a service user is regularly receiving less than the expected time input of care, which may suggest shortfalls in the quality of care being provided.	It may be advisable for the Council to consider introducing additional management information, which can be set up in such a way to identify the percentage of jobs that meet costs of the expected care plans. These statistics could also be used to help identify any potential trends / discrepancies to keep management informed of any areas that regularly go over budget (or are under budget) to be discussed at contract monitoring meetings with the provider. Care managers would use this information to when reassessing care plans for the service users. **Priority 3**	The Exchequer Service will liaise with the relevant budget holders to agree what additional management information they require in order to monitor the percentage of jobs that meet the expected cost of the care plans. The availability of reports will be limited by the constraints of the current case management system.	The Exchequer Contract and Operations Manager/Budget Holders for Assessment & Care Management, Learning Disabilities and Mental Health Services – November 2019

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	overarching budget monitoring controls do help to flag any significant variances.				

OPINION DEFINITIONS

APPENDIX B

Assurance Level

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

Recommendation Ratings

Risk rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.