



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

**REVIEW OF EXTRA CARE HOUSING**

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## **REVIEW OF EXTRA CARE HOUSING**

### **INTRODUCTION**

1. This report sets out the results of our audit of Extra Care Housing. 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. New forms of sheltered housing and retirement housing have been pioneered in recent years, to cater for older people who are becoming frailer and less able to do everything for themselves. Extra Care Housing is housing designed with the needs of frailer older people in mind and with varying levels of care and support available on site. People who live in Extra Care Housing have their own self-contained homes, their own front doors and a legal right to occupy the property. Extra Care Housing is also known as sheltered housing or assisted living. It is a popular choice among older people because it can sometimes provide an alternative to a care home.

### **AUDIT SCOPE**

4. The original scope of the audit was outlined in the Terms of Reference issued on 08 April 2019. The audit looked to review the key controls around the management of Extra Care Housing, including the governance and management of the contracts in place, to verify whether controls are satisfactory and help to mitigate the risks for all schemes.
5. The following were considered to be the key risks inherent to the Extra Care Housing process:
  - If controls are not in place to monitor the quality of care received at Extra Care Housing sites, or if there are no processes in place to monitor key elements of contractual compliance, there is an increased risk that the Council may not achieve its strategic objectives for the provision of this care.
  - Variable arrangements between LBB and landlords in relation to 'nominations rights' to properties is a potential risk to the ability to place clients as required which could increase the likelihood of voids on the associated care support contracts and incur increased costs for the Council (if properties are left unoccupied).

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- If invoices / payments to the contracted care providers for person specific care are not appropriately checked, processed and reconciled, there is an increased risk that the Council may pay for services not received (such as inappropriate variations outside of agreed tolerance levels that should otherwise prompt an independent review before payment). If similar checks are not conducted on standard / minimum contractual payments, the Council may find that it routinely pays the minimum payment when the care providers are not providing this level of time input.
- If roles and responsibilities are not made clear between duties expected of the care provider, and those officers charged with taking on a 'link-worker' post for the Council, there is an increased risk that the Council may find it difficult to hold providers to account for activity.
- If voids (and turnaround times), are not monitored, with timely management actions taken to limit the level of unoccupied properties (for example through the holding of regular meetings or ongoing review of an Action Plan), there is an increased risk that the Council may not effectively utilise its budget for the provision of Extra Care Housing in the Borough. This may also then hinder the level of service that can actually be provided to service users.

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AUDIT OPINION

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

<b>AUDIT OPINION</b>	
<b>Reasonable Assurance</b>	(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
0	1	1

SUMMARY OF FINDINGS

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

- Quality Assurance Framework (QAF) reports are produced on an annual basis for each Extra Care Housing scheme property, by the Contract Compliance Officers. Each contains an outline of the property, the relevant landlord, the staffing structure, number of hours delivered and the number of residents. Each property’s performance is assessed, covering criteria such as compliance with care plans, risk assessments, medication, care worker adequacy and safeguarding points. The reports also reference the last Care Quality Commission (CQC) publications on the property.

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- Similar to the processes in place for Domiciliary Care provision, 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 will be conducted to follow up on any recommendations raised. Focus visits are conducted three to six months following the initial QAF, depending on the specific area which was rated D. Our review of example focus reports showed that they outlined the recommendations of the QAF report and drew conclusions as to whether the recommendations had been implemented.
- The QAFs are monitored through a spreadsheet which outlines each housing unit's CQC rating and QAF score. The portfolio holder is provided with an update on Extra Care Housing each month. This includes a copy of a spreadsheet detailing the CQC scores for each provider and a briefing note. We were provided with sight of the past three updates to the portfolio holder as verification of the ongoing nature of this control.
- The Head of Service - Complex and Long Term Commissioning confirmed that, due to an evidenced decline in the quality of services provided by the Council's two care providers, both agreed to be put onto improvement plans. These improvement plans were provided and our review of the plans confirmed inclusion of various objectives for improvement, under 10 headings:
  - Management and Staff Resources
  - Staff Training
  - Effective Rota Management
  - Management of Staff
  - Client Activities
  - Safe Medication Management
  - Fire Safety
  - Quality Assurance Systems
  - Prevention and Effective Management of Complaints, Accidents, Incidents and Safeguarding Concerns
  - Any other Specific Quality issues arising from CQC and Council Inspections

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- The above improvement plans have been agreed with the care providers and clearly outline the progress each care provider has made in achieving the specified objectives. It was confirmed that progress towards fulfilling the objectives outlined in the improvement plans has been monitored through regular meetings with both providers.
- A signed contract is in place with the Exchequer contractor who provide an accounts payable function to the Council. We were provided with the signed contract and Service Level Agreement (SLA) which outlines that it is the Exchequer contractor's responsibility to process payments for Extra Care Housing.
- Extra Care Housing users are set up on the case management system. The specific care plans to be provided are outlined on the system and these are subsequently authorised by a relevant manager. The case management system outlines the cost of each individual care plan. The authorisation by the manager consequently provides approval for payment of the plan. A sample of 20 care plans was selected for testing to confirm that the care plan had been appropriately authorised, which identified no issues.
- Weekly reports are received from each housing unit, which outline the number of hours of care received against the minimum number of hours to be billed, the associated costs and any variance between the two figures. The weekly reports are used by the Council to check that the monthly amounts invoiced from the care providers are accurate.
- It was confirmed, through discussions with the Contract and Operations Manager, that payment processing is outsourced to the Exchequer contractor, who is responsible for matching invoices. Once matched, relevant invoices are then uploaded onto the Authority's finance system along with the matching spreadsheet (used by the Exchequer contractor) and subsequently batched and authorised for payment.
- Key Performance Indicator (KPI) Reports are produced on a monthly basis by care providers and provided to the Council for review. We were provided with the past three KPI reports for each of the housing units. Review of the KPI reports show that they include staffing figures, compliance with mandatory requirements and details of any complaints.
- It was confirmed that, on a monthly basis, the Head of Service - Complex and Long Term Commissioning meets with both care providers to discuss the services provided, performance of the KPIs and the progress of any action points identified since the last meeting. We were provided with the minutes for the past three meetings held with both care providers.

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- Monthly budget reports are produced which cover the Extra Care Housing function at the Council. The Senior Accountant for Care Services provided supporting evidence which demonstrated that the budgetary information produced detailed the income, expenditure and any variances identified for each of the properties used. It was also confirmed that the monthly budget reports produced contain a breakdown of the costs associated with any voids maintained at each of the units. Regular budget monitoring meetings are held with the Head of Assessment and Care Management to discuss the budgets produced.

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

- The Council utilises the services of three landlords, who hold all rental agreements with tenants. However, review of the Contracts Database in place found that signed contracts are not in place between the Council and some landlords. The respective roles and responsibilities of the landlords are in the process of being reviewed, in order to help gain a consistent approach across all landlords. Discussions on how the roles and responsibilities should be agreed going forward, and an initial terms of reference document for nominations disputes between the landlord and the Council (which outlines the roles and responsibilities of each party with regards to disputes on nominations) was provided. However, these have yet to be finalised and agreed. In addition, the signed contract between the Council and one care provider was found not to have been uploaded to the Contract Database.
- There is no formal policy or procedure which specifically covers the expected processes for how the Council should be monitoring its Extra Care Housing contracts.

**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, 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

APPENDIX A

No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
1	<p><u>Contracts with Landlords and Care Providers</u></p> <p>The Council utilises the services of three landlords who hold all rental agreements with tenants. However, no signed contract was found on the Contracts Database.</p> <p>It was confirmed that for two, there were historical, informal agreements. For one provider it is a more recently negotiated agreement and was supported by a signed and dated (July 2012) contract. At the time of the audit this agreement had not been created on to Contract Database.</p> <p>For one care provider the signed contract had not been uploaded to the contract database at the time of the audit.</p>	<p>Where signed contracts are not held, there is an increased risk that, should any disputes arise, there may be no clear point of reference to resolve them.</p> <p>In the absence of clarity regarding the 'nomination rights' expected, there is an increased risk of disagreements which could increase the likelihood of voids and incur increased costs for the Council (if properties are left unoccupied).</p> <p>There is a risk that the landlord may refuse to accommodate Extra Care Housing applicants, putting pressure on the Council to source alternative accommodation.</p>	<p>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.</p> <p>Management should continue to monitor the informal agreements to mitigate the risks around the nomination rights for ECH.</p> <p style="text-align: center;"><b>Priority 2</b></p>	<p>The formal contract with the landlord will be added as an entry to the CDB and all relevant supporting documentation will be uploaded.</p> <p>The signed contract with the care provider will be uploaded to the CDB.</p> <p>All existing contracts relating to Extra Care Housing have been reviewed to ensure they are up to date on the CDB with all relevant supporting documentation uploaded.</p> <p>Informal nominations agreements will continue to be monitored to identify any issues arising, with action taken as required.</p>	<p>Head of Service Complex and Long Term Commissioning, by October 2019</p> <p>Head of Service Complex and Long Term Commissioning, by October 2019</p> <p>Head of Service Complex and Long Term Commissioning, by October 2019</p> <p>Head of Service Complex and Long Term Commissioning, on ongoing basis</p>

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2	<p><u>Policies and Procedures / Roles and Responsibilities</u></p> <p>It was confirmed that an operational process overview is in place, which provides a process map summary from the initial application for Extra Care Housing to the end of placement. The CQC monitoring spreadsheet, utilised internally by the Council, also provides some guidance on the expected dates for Quality Assurance Framework (QAF) and focus visits. However, there is no formally documented overarching policy or procedure which specifically covers the expected monitoring processes in respect of Extra Care Housing contracts.</p>	<p>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.</p>	<p>An Extra Care Housing Contract Monitoring Policy / Procedure should be drafted, approved and made available to relevant members of staff.</p> <p>The guidance produced should outline key contract monitoring processes such as the frequency of QAF visits, the processes regarding the monitoring of the improvement plans and of any focus reports, and clearly define roles and responsibilities linked to contract monitoring tasks.</p> <p style="text-align: center;"><b>Priority 3</b></p>	<p>An Extra Care Housing Contract Monitoring Policy / Procedure will be drafted, approved and made available to relevant members of staff.</p>	<p>Head of Contract Monitoring and Compliance with Head of Service Complex and Long Term Commissioning by November 2019</p>

Assurance Level

Assurance Level	Definition
<b>Substantial Assurance</b>	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.
<b>Reasonable Assurance</b>	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.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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
<b>Priority 1</b>	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.
<b>Priority 2</b>	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.
<b>Priority 3</b>	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.