

FINAL INTERNAL AUDIT REPORT
EDUCATION, CARE & HEALTH SERVICES

REVIEW OF DIRECT PAYMENTS (CHILDREN)

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Reviewed by: **Head of Service, Audit & Assurance.**

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Report No.: **ECHS/13/2019/AU**

REVIEW OF DIRECT PAYMENTS (CHILDREN)

INTRODUCTION

1. This report sets out the results of our audit of Direct Payments (Children). The audit was carried out as part of the work specified in the 2019-20 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. A Direct Payment is money that is given to a child aged 16 years or over who has a disability and to parents or carers, aged 16 or over of young people, by the authority to enable them to buy in support that is assessed as being needed, instead of the authority providing that support through their own services. Direct Payments can be made for special educational provision, health care and social care provision.
3. The relevant legislation can be found within :-
 - The Care Act 2014
 - Care and Support (Direct Payments) Regulations 2014
4. The total net budget for Safeguarding and Care Planning West, Preventative and Support Services for 2019-20 is £2,550,410. Included within this amount is the Disabled Children Direct Payments budget of £597,180. As at May 2019, the forecast spend at the end of the financial year is £1,015,772, which would result in a forecast overspend of £418,592. There are currently 206 service users. The current forecast spend for Direct Payments in 2019-20, after accounting for these payments, is £792,570 against a budget of £597,180. This gives a current forecast overspend of £195,390.
It should be noted that this review did not include a review of pre-paid cards.
5. Contractor A provides information advice and support to service users, as well as the payroll service, which are all designed to empower people to have more choice and control over how their care and support needs are met.
6. We would like to thank all staff contacted during this review for their help and co-operation.

AUDIT SCOPE

7. The original scope of the audit was outlined in the Terms of Reference issued on 19/6/19.

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8. The key risks reviewed as part of this audit included:-

- Assessments are not undertaken within agreed timescales.
- Service agreements are not appropriately authorised.
- Direct payments may be paid to ineligible clients for the incorrect duration and the incorrect amount.
- Split funding is not recovered from other departments.

AUDIT OPINION

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

AUDIT OPINION	
Reasonable 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
0	5	0

SUMMARY OF FINDINGS

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

10. Redacted.

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11. DP1 & 7 Forms (Referral or change of Service Form)

It was found that there were delays in completing the DP1 form for Sample 10 and 18.

For Sample 10 the service agreement commenced on 24/9/18 and the DP1 was dated 25/10/18. Management confirmed that the payment was backdated hence the delay in dates.

For Sample 18 the service agreement commenced on 27/3/17 to 16/9/18 and the DP1 was dated 21/9/18. An email from the contractor confirms the delay was down to the Contractor A.

12. Reviews

From sample testing of 20 cases it was found that issues arose in three cases at the time of testing. In some cases the reviews could not be located or they had been delayed. It should be noted that management are setting up a new online review assessment, but this is still in progress at the time of the audit.

13. Service Agreements

All service agreements sampled for review on Carefirst had been authorised. However, sample testing showed that there had been delays in authorising service agreements in a timely manner in 16 cases. The delays ranged from a matter of weeks to four months in one case.

14. DP Calculation

Through sample testing, it was found that for Sample 11, the calculation detailed within the DP1 dated 24/4/19 was not clear. The calculation is based on 50 weeks which has been queried as well as the payment should be made monthly.

15. Direct Payment Rate for Children

It was confirmed by management that the direct payment rate of £10.73 for children had not been reviewed in line with the adult rate.

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DETAILED FINDINGS / MANAGEMENT ACTION PLAN

16. 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>DP1/7 Forms</u></p> <p>It was found that there were delays in completing the DP1 form for Sample 10 and 18.</p> <p>For Sample 10 the service agreement commenced on 24/9/18 and the DP1 was dated 25/10/18. Management confirmed that the payment was backdated hence the delay in dates.</p> <p>For Sample 18 the service agreement commenced on 27/3/17 to 16/9/18 and the DP1 was dated 21/9/18. An email from the contractor confirms the delay was down to the contractor.</p>	Assessments are not undertaken in a timely manner and payment delays may occur.	<p>Management should ensure that the contractor undertakes the completion of the DP1/7 forms in a timely manner to ensure that payments are not delayed to service users.</p> <p>Priority 2</p>	<p>The reason for delays are often due to the family not having a worker or family delay in setting up the meeting with Contractor A, as opposed to a delay in administration with the service.</p> <p>Consideration to be given to setting up a tracking system for direct payment referrals to Contractor A.</p>	Group Manager End of October 2019.
2	<p><u>Reviews</u></p> <p>From sample testing of 20 cases it was found that issues arose in three cases at the time of testing in relation to the annual reviews.</p>				

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
	<p>Sample 4 a review could not be found at the time of testing.</p> <p>Sample 13 the review is due and has yet to be undertaken as confirmed by the Group Manager as at 30/07/19. Services commenced for this service user on 1/10/18.</p> <p>Sample 20 this was confirmed by the Group Manager that this review is outstanding as at 30/7/19. Management confirmed that a review date has now been arranged with the social worker. The last Disabled Children's review was dated 24/11/15-12/2/16.</p> <p>It should be noted that management are setting up a new online review assessment, but this is still in progress at the time of the audit.</p>	Direct payments may not be utilised in accordance with the terms and conditions.	<p>Reviews should be undertaken in a timely manner to ensure that the service user is managing with the direct payment.</p> <p style="text-align: center;">Priority 2</p>	<p>IT development required of review on line assessment system to support annual monitoring of low level direct payments</p>	<p>Group Manager End of November 2019 to set up review on line assessments</p> <p>Sample 4 – Child has been discussed at placement panel today. There are regular CIN meetings.</p> <p>Sample 13 and 20 to be allocated and review assessment to be completed in 45 days. Option of on-line review assessment to be offered.</p>

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
3	<p><u>Service agreements</u> All service agreements sampled for review on Carefirst had been authorised.</p> <p>However, sample testing showed that there had been delays in authorising service agreements in a timely manner in 16 cases. Samples 1, 3, 5, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20.</p> <p>These delays range from one or two weeks and for one case four months.</p>	Delays in authorising service agreements will result in delayed payments to service users.	<p>Management should ensure that service agreements are authorised in a timely manner.</p> <p>Priority 2</p>	Managers will continue to sign off service agreements when alerted. The aim is to sign this off with 24 hours.	<p>Group Manager and Team Managers</p> <p>Ongoing</p>
4	<p><u>DP Calculation</u> Through sample testing, it was found that for Sample 11, the calculation detailed within the DP1 dated 24/4/19 was not clear. The calculation is based on 50 weeks which has been queried as well as the payment should be made monthly. '1 x ABA Tutor @ £25 per hour for 14 hours direct work x 50 weeks = £17,500 + £1,800 for</p>				

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
	<p>2 x hours indirect work @ £18 per hour. Total = £19,300</p> <p>50 weeks x ABA consultant 5 hours per month @£85 per hour & 2 hours £45 per hour for remote work per month = £7115.60 (these totals also include any travel costs).</p> <p>Total for ABA programme: £26,415.60 (divided by 52 week to be paid monthly) £507.99 per week</p> <p>50 week rate: £528.31 per week.</p> <p>This service agreement continues to be paid weekly at the rate of £507.99.</p>	<p>Payments are made for the wrong amount and frequency.</p>	<p>This case should be reviewed with SEN to ensure that the direct payment is being paid at the correct amount and frequency.</p> <p style="text-align: center;">Priority 2</p>	<p>This was a one off calculation made by colleagues in SEN.</p>	<p>Business Support Officer to liaise with Senior Tribunals and Mediation Manager – 1 week.</p>

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No	Finding	Risk	Recommendation and Priority *Raised in previous Audit	Management Response	Agreed timescale and responsible manager
5	<p><u>Direct Payment Rate for Children</u></p> <p>It was confirmed by management that the direct payment rate of £10.73 (unit of support) for children had not been reviewed in line with the adult rate.</p> <p>(as detailed within the Children With Disabilities Report 2017/18).</p>	The current direct rate may not be sufficient to enable the direct payment to work for families.	<p>The direct payment rate should be reviewed.</p> <p style="background-color: yellow; border: 1px solid black; padding: 2px;">Priority 2 *</p>	<p>The business case has not been finalised and it is hoped will be dealt with as part of the Medium Term Financial Strategy. The service will need to evidence the rationale for the increase which as a growth item will need to be agreed by the Executive.</p>	<p>In time for the 2020/21 Budget.</p> <p>Head of Finance, ECHS/ Group Manager.</p>

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.