

INTERNAL AUDIT REPORTS ISSUED

1. Purpose of Report

This is a standing item on the agenda of the Committee to allow Members to discuss reports issued by internal audit.

2. Recommendations

Members are asked to note and comment on the internal audit reports finalised.

3. Considerations

3.1 Four internal audit reports have been finalised since the last Committee and are available for the Committee to review, as follows:

- Main Financial Systems – Payables - MOSAiC (Fostering, Adoption and Kinship Care) (**Appendix 1**)
- Main Financial Systems – Payables - MOSAiC (Residential Care) (**Appendix 2**)
- Main Financial Systems – Payables - MOSAiC (Domiciliary Care) (**Appendix 3**)
- Main Financial Systems – Payables - MOSAiC (Direct Payments) (**Appendix 4**)

Any actions proposed by management to address the points arising from each audit are identified in the reports.

3.2 The work was conducted from within existing resources and ultimately will contribute to improved efficiency in financial administration.

3.3 Audit work is intended to reduce risks faced by the Council. The review of audit reports by the Committee helps to ensure that any weaknesses identified by the audit are adequately addressed by management.

3.4 In noting and commenting on the audit reports, Members are advised to consider:

- The effectiveness of the audit report;
- The control issues identified by the audit work;
- The actions proposed and any timescales involved;
- The adequacy of the managerial response; and
- The implications for the control environment as a whole.

3.5 The audits will be followed up in six months time and any outstanding issues will be reported back to this Committee in September.

4. Governance Assurance

4.1 The review of audit reports falls within the remit of the Committee as set by the Council. In adopting the recommendation to note and comment on the reports issued, the Council will be acting within its legal powers.

4.2 The Corporate Management Team have been consulted on this report and are in agreement with it.

4.3 Officers who are responsible for the areas under review were consulted by internal audit as part of the process of writing the audit reports.

5. Impact Assessment

As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an Impact Assessment.

Author(s)

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Appendices (4)

Appendix 1 - Main Financial Systems – Payables - MOSAiC (Fostering, Adoption and Kinship Care)

Appendix 2 - Main Financial Systems – Payables - MOSAiC (Residential Care)

Appendix 3 - Main Financial Systems – Payables - MOSAiC (Domiciliary Care)

Appendix 4 - Main Financial Systems – Payables - MOSAiC (Direct Payments)

Background Papers

None

Dumfries & Galloway Council
Communities – Democratic Services

INTERNAL AUDIT REPORT — PAYABLES: MOSAiC (FOSTERING, ADOPTION AND KINSHIP CARE)

1. What did we look at?

1.1 MOSAiC is the Council's Social Care System and is used to originate payments to suppliers and clients. The system creates a payment file which is processed in Integra via an interface. The system is reviewed every three years as one of the Council's main financial systems.

1.2 The Council spends £2 million on fostering, adoption and kinship care payments each year, making payments for 450 young people in a typical month. On-going payments are made automatically based on an authorised commitment in MOSAiC.

2. How did we do the audit?

2.1 We interviewed officers at operational level and reviewed the procedures being used. A sample of 30 (3 adoption, 12 fostering and 15 kinship care) payments were selected for review.

2.2 Being a review of payments the audit did not consider decisions regarding placements nor the Social Work assessment of the continued suitability of the carers.

3. What did we find?

Authorisation

3.1 There was no evidence of authorisation on Mosaic for 19/30 cases in our sample. We were advised that prior to 2018 commitment authorisation was by e-mail and that evidence of this was not uploaded.

3.2 It is Social Work policy for all cases to be reviewed annually. Evidence of this was therefore sought as an alternative to financial authorisation. We found that 7/15 kinship care arrangements in our sample had not been reviewed in the past year.

3.3 All cases should be reviewed and authorised in MOSAiC (**Recommendation 1**).

3.4 Allowances for adoption and kinship care are amended by the value of child related benefits that the carer is entitled to claim. In 10/18 cases child tax credit was deducted and in 4 cases family tax credit was deducted. In one case child benefit was not being deducted as it should have been.

3.5 We were advised that the presumption is made that families will claim benefits until evidence is provided to the contrary. This evidence is not however in MOSAiC. It would be good practice to request evidence (such as a bank statement) from carers on a regular basis to ascertain whether benefits are being received (**Recommendation 2**).

3.6 We note that Universal Credit is now replacing child tax credit as a form of benefit and this should be formally reflected in the policy through an update (**Recommendation 3**).

Recovery of overpayments

3.7 Fostering, adoption and kinship care payments are paid monthly in advance. When a placement comes to an end MOSAiC calculates the value of any overpayment and these are posted to the purchase ledger as a negative balance which will be offset against future payments.

3.8 A report of negative balances was requested which lists 102 outstanding amounts with a total value of £48,614. At the request of Internal Audit all balances on the list over £100 were reviewed by the creditors section. Eight cases had been re-paid, and in a further 17 cases a debtors account has been raised to recover the sum owing. These cases appear in the sales ledger as well as the purchase ledger. Three balances are expected to be recovered from future payments to foster carers. Procedures for the recovery of over-payments should be reviewed (**Recommendation 4**).

Risk of duplicate payments

3.9 A full list of transactions was obtained from April 2018 to October 2019 and transactions without a MOSAiC reference number were reviewed in order to identify any payments which had been made both through MOSAiC and directly through Integra. On one occasion payments were made by spreadsheet upload as the interface failed. The process was adequately controlled. Other transactions were satisfactorily explained.

4. Conclusions

It is Council policy that all child placements should be reviewed annually and it would be good practice to reflect this within the financial authorisation in the system. Stronger financial admin arrangements also need to be established.

5. Summary of our recommendations

	Ref	Recommendation	Risk(s) being addressed
1	3.3	All existing cases without authorisation in MOSAiC should be reviewed and authorised	Payment being made where an existing placement doesn't exist
2	3.5	Carer entitlement to an allowance equivalent to child tax credit and child benefit should be reviewed on an annual basis.	Overpayment of kinship care allowances
3	3.6	The Kinship Care Policy should be updated to reflect the introduction of universal credit	Overpayment of kinship care allowances
4	3.8	Procedures for the recovery of overpaid allowances should be reviewed	The Council not recovering overpaid allowances Incorrect accounting entries

6. Management response

Locality Social Work Manager

Recommendation 1 - These were old approvals and the current process in Mosaic does require authorisation. We shall spot check on a regular basis to ensure that all payment arrangements are authorised. We shall review the process now that the Localities are responsible for the approval of all new kinship care arrangements.

Recommendation 2 - We will amend our processes to ensure that child benefit is deducted. We shall ensure that our policy review will ask for this as a matter of course and this information should be uploaded to Mosaic to evidence this is in place.

Recommendation 3 – Agreed

Recommendation 4 - When we review our financial reports we shall review all negative balances to mitigate this happening in the future.

Finance and Information Manager

Recommendation 1 - A report has been created and will be incorporated into the fostering and kinship lists so that SSW's can identify outstanding reviews

Recommendation 4 –We will review all areas where overpayments and negative balances occur.

Dumfries & Galloway Council
Communities – Democratic Services

INTERNAL AUDIT REPORT PAYABLES – MOSAiC (RESIDENTIAL CARE)

1. What did we look at?

1.1 MOSAiC is the Council's Social Care System and is used to originate payments to suppliers and clients. The system is reviewed every three years as one of the Council's main financial systems.

1.2 The Council spends £33 million on residential and nursing care each year, making 1,100 payments in a typical month. Residential and nursing care costs are paid on a standing basis, two weeks in advance and two weeks in arrears. Payment is based on an authorised commitment in MOSAiC, an invoice not being required from the provider.

2. How did we do the audit?

2.1 We interviewed officers at operational level and reviewed the procedures being used. A sample of 30 randomly selected payments made in July 2019 were selected for review.

2.2 Care homes are subject to inspection both independently and by the Council. For the purpose of the audit, a service was deemed to have been received and the required standard met (requirements included in Financial Code 1) by the continued operation of a home and the presence of the service user at that home.

3. What did we find?

3.1 Authorisation – we found in each case that the commitment has been authorised by a Senior Social Worker (band 12) or someone more senior in Social Work. We note however that in most cases in our sample (26/30) formal authorisation in MOSAiC was given after the service user entered the care home. It would be good practice for authorisation to be required in MOSAiC alongside placement decisions. We are advised however that the authorisation in MOSAiC is only to pay for a placement that has been previously agreed by other means. We have accepted management assurance that the admin process considers whether the service user met the criteria for residential / nursing care and met the ordinary residence requirements.

3.2 Homes are expected to notify the Council of any residents who have moved out or passed away. A remittance advice is sent out by the Council with the payment and homes are required to confirm that it is correct and notify the Council of any errors. In 17/30 cases a return was provided but not all had a physical signature. In 13 cases there was no return. We were advised that the Council was not following these up at present, which increases the risk that an overpayment may occur (**Recommendation 1**).

3.3 Four service users in our sample passed away between July 2019 (date on which the audit sample was based) and October 2019 (date of the audit). In each case the overpayment was recovered from the next payment to the home.

3.4 A report of negative balances in the purchase ledger that relate to residential care was reviewed. The report had 45 entries with a total value of £92,186. Twenty cases with a value of £37,335 have been re-paid and for a further 9 cases a debtors account has been raised. The credit balance had not however been removed in each case resulting in an incorrect accounts record. There is also the possibility of an incorrect payment being made as any further payments to those homes would be automatically reduced by the value of the credit balance. This risk is reduced as the homes are outside the region and are unlikely to be used again.

3.5 A further 8 cases (with a value of £23,323) are now over 7 years old. There is one balance of £3,921 which is expected to be recovered from future payments.

3.6 Procedures for the recovery of overpayments should be reviewed (**Recommendation 2**).

3.7 Residential / nursing care may be arranged under Route 1 (where the Council has no involvement), Route 2 (where the Council pays the free personal care allowance direct to the home) or Route 3 (where it pays the costs in full and recovers any contribution from the service user). Nine of the cases in our sample were Route 2 and the Council was only paying the free personal care element. In a further five cases the service user was being invoiced by the Council for the full non-personal care element and arguably the Council need not be paying the care home anything above free personal care. In 2 of these 5 cases the service user owes a significant amount to the Council (£5,000 and £14,000 respectively). We are advised that in practice the route adopted now depends on the preference of the home in individual cases and that the risk of non-payment by the client has been accepted by the Council. This aspect should be further considered, however (**Recommendation 3**).

3.8 All residents in permanent residential care are liable for a contribution towards their care costs. In 2/30 cases a contribution was not evident in MOSAiC. In one of these cases liability was disputed and in the other the Council is receiving benefits on behalf of the service user, a process which is not evident in MOSAiC. A report of all cases where a contribution is not being made was requested but was not available at the time of the audit.

3.9 In 28/30 cases in our sample the home was in the region and payment was being made at locally agreed rates. In 2 cases the home was outside the region. The rate charged was lower in one case and this was what was being paid. In the other case the rate was higher and the amount paid was capped to the rates paid by the neighbouring Council (higher than in D&G).

3.10 The risk of duplicate payments is reduced as commitments are based at service user level. No duplicates were found. We found that one service user also had a current commitment for another service which was not required. This would impact on the monitoring of commitments. It has now been cancelled.

3.11 Costs were found to be correctly coded.

4. Conclusions

Payments for residential care are based on information that the Council holds about who is resident in each care home, with any adjustments being made at a later date. The process would benefit from improvements to the administration arrangements in place.

5. Summary of our recommendations

	Ref	Recommendation	Risk(s) being addressed
1	3.2	Checks on confirmation returns from homes are reintroduced and reinforced as a requirement for further payments to be made	The Council being unaware of an overpayment, or unable to recover an overpayment made to a care home
2	3.6	Procedures for the recovery of overpayments should be reviewed	Incorrect payments being made Incorrect accounting entries
3	3.7	Council procedures where a service user is assessed as being liable for the full non-personal care element of care home fees (route 2) should be reviewed, considering the risk of non-payment by the service user.	Non-payment by a service user

6. Management response

Financial Transactions Manager

Recommendation 1 is agreed and will be implemented by 31st March 2020.

Recommendation 2 – we are reviewing all negative balances in the purchase ledger.

Finance and Information Manager

Recommendation 2 – we will review all areas where negative balances occur.

Recommendation 3 – not agreed. An individual's funds are not always known at the time of assessment (and ultimately placement) therefore it isn't always possible under route 1 or 2. The care home and the individual can refuse to contract as a route 2. A charging order can be placed to protect the Council's debt.

Dumfries & Galloway Council
Communities – Democratic Services

INTERNAL AUDIT REPORT — PAYABLES: MOSAiC (DOMICILIARY CARE)

1. What did we look at?

1.1 MOSAiC is the Council's Social Care System and is used to originate payments to suppliers and clients. The system is reviewed every three years as one of the Council's main financial systems.

1.2 The Council spends £32 million with external providers on domiciliary care each year, making 3,000 payments in a typical month. It also has an in-house service which supports a large number of clients. Provision of the in-house service was not reviewed as part of this audit.

1.3 A provider invoice is required for the payment of domiciliary care. Invoices do not however require authorisation as long as the invoice value is less than (or not more than an agreed tolerance above) the commitment authorised in MOSAiC.

2. How did we do the audit?

2.1 We interviewed officers at operational level and reviewed the procedures being used. We looked at payments made between April 2018 and October 2019 for a random sample of 30 service users.

2.2 Providers of non-specialist domiciliary care to older people have been required to adopt the CM2000 system which records when carers begin and end their visit to a service user. The use of this system has been considered as part of the audit.

2.3 Charging and recovery of client contributions for domiciliary care were not covered by this audit review.

3. What did we find?

Authorisation of commitments

3.1 In 26/30 cases in our sample the care package was authorised by a senior social worker (Band 12) or above; in 4 cases the care package was authorised by a member of admin staff. These care packages were input in 2016 as part of a change to the element structure in advance of a new tender framework. They have not been re-authorised since.

3.2 Seven care packages were last authorised in 2016 and 6 in 2017. Social Work normally try to review domiciliary care packages at least once a year. If however the care package remains the same or is reduced the MOSAiC system does not require it to be re-authorised. It would be good practice for all care packages to be reviewed at least annually and re-authorised in MOSAiC as confirmation that the care package is still required (**Recommendation 1**).

3.3 The established system is that commitments in MOSAiC should be adjusted where there is a change to the care that is required. This could be on a temporary

basis (such as a holiday or hospital admission) or permanent. We noted significant variations for 5 service users for which the commitment had not been adjusted by Social Work. In two of these cases the variation continued for six months which suggests that a review of the care package to reduce the commitment would have been beneficial. In a further case a care package which began in April 2018 was not authorised in MOSAiC until July 2019 with payments being backdated to the beginning.

3.4 When service users cancel visits (for example when friends or family are visiting), it is not expected by Social Work that a commitment be varied in these circumstances. Operationally this may allow for an alternative service to be provided to the service user or for a minor overpayment to arise.

Use of purchase orders

3.5 A purchase order to the provider was found for each service user. In 4/30 cases the value of the purchase order did not agree with MOSAiC, and we were advised that there is an error with the system in this respect. In practice invoices are not being matched to purchase orders but to the commitment field in MOSAiC and a revised purchase order is not being issued for any temporary changes. We also note that as purchase orders do not list the tasks required, separate instructions are being routinely issued to providers. Purchase orders therefore have limited value and their use in their current form should be reviewed (**Recommendation 2**).

Recording of service provided

3.6 The CM2000 system is used to record visits made by care providers, generating an invoice to be submitted by the provider for payment. Care staff are expected to register the beginning and end of each visit by phoning from the service user's home. Whilst there are alternative systems available if this is not possible, the expectation is that 80% of visits will be recorded in this way. Providers may also adjust the data where, for example, a visit is cancelled by the service user with insufficient notice.

3.7 The CM2000 system allows for a detailed analysis of the care provided such as visits which have been late or not provided. In practice we were advised that this data is only accessed in response to a specific concern; care agencies are employed to support service users and to take responsibility for their welfare so regular scrutiny is not required.

3.8 Established systems do not demonstrate that the agreed service has been provided, which is one of the requirements set out in Financial Code 1 for payments to be made. This information is recorded but only in the log which is maintained in the service user's home. We have been advised that the risk of incorrect payment is accepted on the basis that the welfare of service users is considered by Social Work professionals.

Invoice matching

3.9 Invoices for domiciliary care have not recently been scanned into Integra. Budget holders will not therefore be able to find support for a payment in the system (**Recommendation 3**).

3.10 As a duplicate payment control, the MOSAiC system rejects the entry of a duplicate invoice number. However even a small difference (such as a dot or a space) can negate this control. In practice payments are controlled by the authorised commitment, noted above.

3.11 An invoice for domiciliary care will be paid without scrutiny if its value is less than the agreed commitment, or not more than an agreed tolerance above it. Higher variations are referred by the creditors section to Social Work for separate authorisation. This system is working.

4. Conclusions

Payments for domiciliary care are based on an authorised commitment. This has limitations in terms of compliance with the financial code in that the provision of services is not routinely checked. The system would also benefit from a more frequent authorisation of the care packages in place.

5. Summary of our recommendations

	Ref	Recommendation	Risk(s) being addressed
1	3.2	Domiciliary care packages should be reviewed at least annually and re-authorised in MOSAiC.	Inaccurate commitments within Integra resulting in an underuse of available resources (or a budget overspend) Care packages not reflecting the needs of clients.
2	3.5	The use of purchase orders should be reviewed	Inconsistent information being provided to service providers on the service required
3	3.9	Invoices for domiciliary care should be scanned into Integra within a month of payment	Budget holders not being able to verify the accuracy of expenditure

6. Management response

Finance and Information Manager

Recommendation 1 – When care packages are reviewed the payment will now be re-authorised as part of the process.

Recommendation 2 - Mosaic purchase orders are created by the system and are not the instruction to deliver a service. The instructions are contained in the support plan. The PO function doesn't add up for care where there has been a change midweek, providers base care on the support plan which matches to the commitment for invoice matching. We are about to upgrade to the most recent MOSAIC version and this may improve the purchase order breakdown.

Financial Transactions Manager

Recommendation 3 is agreed. Invoices will be scanned onto Integra within 3 months.

Dumfries & Galloway Council
Communities – Democratic Services

INTERNAL AUDIT REPORT — PAYABLES: MOSAiC (DIRECT PAYMENTS)

1. What did we look at?

1.1 MOSAiC is the Council's social care system and is used to originate payments to suppliers and clients. The system creates a payment file which is transferred to Integra via an interface. The system is reviewed every three years as one of the Council's main financial systems.

1.2 Internal Audit issued a report on payment cards for personal budgets in September 2017 and included in the audit plan for 2019-20 is a follow up of that report which was done as part of this work.

2. How did we do the audit?

2.1 The Council pays 450 individual service users a total of £6 million each year in order for them to purchase their own care support arrangements. Direct payments are fixed monthly amounts credited to a pre-payment card held by the service user.

2.2 We looked at payments made between April 2018 and October 2019 for a random sample of 30 service users.

2.3 The audit examined:

- the authorisation of both the resource proposal and the direct payment;
- the issue of contracts; and
- compliance with the direct payment contract including the monitoring of expenditure, client contributions and card balances.

3. What did we find?

Authorisation of direct payments

3.1 For each of the recipients of a direct payment in our sample there was a verified resource proposal which sets out the level of the direct payment and whether the care required was personal care or non-personal care. Each direct payment arrangement was then found to be authorised by a senior social worker or above. We note that care packages in MOSAiC only need to be re-authorised when there is an increase to funding required and that 8/30 direct payments in our sample were last authorised more than 3 years ago. It would therefore be good practice for authorisation to be confirmed at this interval if there has been no other change (**Recommendation 1**).

Issue of contracts

3.2 A standard contract is agreed with recipients of a direct payment. The contract was drafted in November 2015 and revised in December 2018 to reflect the National Fraud Initiative (NFI). Either an extract or a full copy of the contract was found for 24/30 clients in the sample. In 3 cases a previous version of the contract was on file and in 3 cases a copy of the contract was missing (**Recommendation 2**).

Compliance with the terms of the contract

3.3 The introduction to the contract (section 3.2) states that a direct payment may be used to support the agreed outcomes as detailed in the support plan, but written support plans are not being agreed with clients. There are various documents which consider the needs of each client (such as the resource proposal, practitioner summary and monitoring and review documents), and we were advised that in practice the expected outcomes from direct payments were not specifically agreed in writing with clients. An agreed support plan would help admin staff in determining whether to query expenditure as part of routine monitoring (**Recommendation 3**).

The following aspects of the contract are not being complied with:

3.4 Section 3.2(7) - the employment of close relatives. 8/30 direct payments in our sample are being used to employ close relatives. The Direct Payment 2014 Regulations state that the Council can agree to such employments where appropriate and provide a clear framework for such decisions. Adherence to this framework is not clearly demonstrated in MOSAiC. We were advised that all such cases should now be agreed by the Head of Adult Services (**Recommendation 4**).

3.5 Section 3.3(2) - the direct payment providing an equitable level of support as someone accessing a managed service. The agreed rate for domiciliary care is £17.32 per hour. Hourly rates for direct payments in our sample range from £10 per hour to £16.86 per hour. We are advised that the normal rate is £11.03 per hour, based on the living wage in Scotland (£9.30 per hour) plus an allowance for national insurance, pension contributions and holiday entitlement. Travel time and costs are not included. There is no automatic uplift of direct payment rates which may explain some of the rate differentials in care packages.

3.6 Section 3.3(4) – the Council must be notified within 48 hours of any change of circumstances. This does not appear to be a necessary requirement and we found that in practice it is not being followed. It could be amended in the standard contract.

3.7 Section 3.3(5) - the direct payment will be reviewed by the Council at least annually. We were unable to find evidence of review within the past year for 8/30 direct payments in our sample.

3.8 Section 3.4 - financial contributions from clients. We requested evidence that clients were making the correct contributions and were advised that resourcing and staffing issues meant that checks weren't carried out all the time. Within our sample of 30 service users, 11 were assessed as being required to make a contribution to their care. Of these 8 were not up to date with payments (**Recommendation 5**).

3.9 Section 3.5.2 states that money may only be used to meet outcomes agreed in the support plan. Whilst expenditure may have been considered by Social Work staff at locality level, at the time of the audit there was no consistent monitoring of expenditure (**Recommendation 6**).

3.10 There are certain types of expenditure (such as cash withdrawals and gambling) which are not allowed and the pre-payment card provider allows the Council to block specific merchant categories. Whilst this doesn't replace the need

for effective monitoring of expenditure, it can be used as an additional control. However, there is limited use of this facility at present and we were advised that it is under review, particularly in relation to Point of Sale (POS) categories (**Recommendation 7**).

3.11 Section 3.5.3 - there should be a full financial audit once a year by the Council. This is not being done. As the contract only requires service users to keep records for 2 years (unless there are tax implications) there is the possibility that some records may be destroyed without being subject to review. We are advised that resources are not available to allow this to be done but that a risk-based approach will be taken in future (**Recommendation 8**).

3.12 Each month the full agreed amount is added to pre-payment cards. We noted that 4/30 direct payments in our sample had a balance on the card of more than 20 weeks expenditure and in a further 6 cases, 10 weeks or more. Excess funds had however been reclaimed from 12/30 direct payments in our sample over the past year (**Recommendation 9**).

Card Terminations

3.13 Internal Audit identified that 66 direct payment arrangements ended during the year to September 2019, of which 55 had a credit balance apparently waiting to be recovered. A sample of 10 of these were selected for review and in each case funds had been recovered that had been posted direct to the nominal ledger.

3.14 The purchase ledger itself has 271 credit entries for direct payments with a total value of £371,422. The negative balance report should be reviewed to establish which amounts are owing to the Council and can be recovered (**Recommendation 10**).

3.15 Amounts recovered from cards are posted directly to the nominal ledger. The process in MOSAiC also creates a credit balance in the purchase ledger. The procedures should therefore be reviewed to ensure that correct accounting entries are made (**Recommendation 11**). We note that the procedures in place for card terminations also do not include the requirement to review expenditure as part of the process, and this should be added in.

4. Conclusions

Direct payments allow service users to purchase the care they require to meet their assessed needs. Whilst this allows for an element of discretion, service users may not use the funds for other purposes and must continue to make their own assessed contributions. The monitoring arrangements to support this have not been fully implemented.

5. Summary of our recommendations

	Ref	Recommendation	Risk being addressed
1	3.1	Authorisation for direct payments should be for a limited period to coincide with an annual review	Resources not being used effectively to meet required outcomes
2	3.2	Social Work seek to put in place a direct payment contract with service users who don't have one in the current format	The Council being unable to recover funds which have not been used for the purpose intended
3	3.3	The expected outcomes from direct payments (support plans) should be agreed in writing with clients.	The Council being unable to recover funds which have not been used for the purpose intended
4	3.4	Adherence to the framework for the employment of close relatives (as set out in the 2014 regulations) should be clearly documented in case files	Non-compliance with Regulations
5	3.8	The payment of financial contributions by clients should be monitored consistently	If clients are not making their agreed contributions they will have insufficient funds to meet their agreed outcomes
6	3.9	Direct payment expenditure through pre-payment cards should be monitored on a regular basis by reference to the agreed support plan	Resources not being used to meet required outcomes
7	3.10	The use of merchant categories to prevent unauthorised expenditure should be enhanced	Resources not being used to meet required outcomes
8	3.11	Expenditure on each direct payment should be checked (audited) at least annually by reference to supporting vouchers held by recipients	Resources not being used to meet required outcomes
9	3.12	There should be a regular review of all card balances	Resources not being used to meet required outcomes
10	3.14	The negative balance report should be reviewed to establish what funds are owing to the Council, and action taken to recover these.	Incorrect accounting entries
11	3.15	Procedures for the termination of pre-payment cards should be reviewed to allow for the accurate recovery of card balances	Resources not being used to meet required outcomes

6. Management response

Finance and Information Manager

Recommendation 1 - When care packages are reviewed the payment will now be re-authorised as part of the process.

Recommendation 2 - For contracts prior to Dec 18 change amendment forms will be sent out to service users.

Recommendation 3 - Agree with this and we will look to send agreed outcomes in writing

Recommendation 4 - The escalation process was introduced in October 2018. Existing cases will be looked at as part of the annual review.

Recommendation 5 - Resources and staffing issues meant that checks weren't carried out all the time. It did still happen when checks indicated there was an issue or other evidence indicated non-payment. It happened routinely in one locality throughout that period. This will happen as part of the recently refreshed monitoring process.

Recommendation 6 - Refreshed monitoring process has been started

Recommendation 7 - The merchant categories were reviewed when the new card provider was appointed, it would be difficult to block POS sales from all cards as some care plans allow for fuel or care equipment which is available in supermarkets. If as part of routine monitoring inappropriate transactions are identified, POS transactions will be blocked for individual service users.

Recommendation 8 - We are moving towards a risk-based approach linked to our current monitoring process which will identify individuals who require a full audit. In these cases we will request that voucher receipts are uploaded to the card portal.

Recommendation 9 - Card balance reviews are carried out every 2 months with localities requested to investigate those with a balance of 8 weeks or more. This will be reinforced by the monthly monitoring.

Recommendation 10 - This is now being done.

Recommendation 11 – Agreed