



Integration Joint Board
Audit, Risk and Governance Committee

22 February 2024

This Report relates to
Item 07 on the Agenda

Chief Internal Auditor Quarterly Update February 2024

Paper presented by Richard Fox

For Discussion and Noting

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Approved for Submission by:	n/a
List of Background Papers:	n/a
Appendices:	Appendix 1 – Progress against 2023/24 Audit Plan – NHS Appendix 2 – DGC Direct Payments report Appendix 3 – DGC Mosaic Payments (Residential Care) report

1. Introduction

- 1.1 The purpose of this report is to provide an update to Audit, Risk and Governance Committee (ARGC) on delivery of Internal Audit assurances for the Integration Joint Board for 2023/24 and to highlight relevant assurances received from the NHS Dumfries and Galloway and Dumfries and Galloway Council audit plans as part of the IJB's overall governance and risk management processes.

2. Recommendations

2.1 The IJB Audit, Risk and Governance Committee is asked to:

- note this update on progress against the Internal Audit work for 2023/24.

3. Background and Main Report

- 3.1 Guidance requires the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and controls over delegated resources.
- 3.2 The internal audit coverage for the IJB takes into consideration the fact that operational services are delivered within the Health Board and Local Authority respectively on behalf of the IJB and as such assurances are provided on these areas to their respective Audit and Risk Committees.
- 3.3 The overall objective of the audit plan is to provide assurance on the ongoing risk management, governance and control arrangements in the IJB. This is informed by the respective audits undertaken within each partner organisation and is enhanced, as required, with dedicated audit days being provided from both the Health Board and Council Internal Audit plans.
- 3.4 Audit assurances to the IJB are not delivered in isolation and the internal audit functions of both the NHS and Council will deliver assurances to their own organisations that should also be considered by the IJB where relevant. It is the responsibility of the Chief Internal Auditor for the IJB to ensure that these assurances are consolidated and reported on.
- 3.5 During 2023/24, the IJB Internal Audit annual report for 2022/23 was presented to the IJB ARGC in September 2023 and detailed the range of assurances that had been provided from the NHS and Council audit work during the year and highlighted those of specific relevance to the IJB.

Audit plan 2023/24

- 3.6 The Council and Health Board have separate internal audit plans for each financial year approved through their own Audit and Risk Committees. These individual plans deliver a range of assurances within the host organisations as well as occasionally giving a specific allowance for provision of assurance in relation to the IJB and Health and Social Care Partnership (H&SCP).
- 3.7 The NHS Internal Audit Plan for 2023/24 was approved as two 6-monthly plans taken to the April and October 2023 ARC meetings.

3.8 The Plan for the first 6 months of 2023/24 taken to the Audit and Risk Committee in April 2023, covers the following areas.

A/01/24	Adverse Event Management and Learning
A/02/24	Recruitment Process
A/03/24	Use of Data and Information
A/04/24	Estates Rationalisation
A/05/24	Child Protection
A/06/24	Infection Control
A/07/24	Out of Hours Service
A/08/24	Vehicle Use
A/09/24	Creditors – Accounts Payable
F/01/24	Property Transactions Monitoring

3.9 The Plan for the second 6 months of 2023/24 taken to the Audit and Risk Committee in October 2023, covers the following areas.

A/10/24	Primary Care Claims
A/11/24	Patient Information
A/12/24	Interpretation and Translation Services
A/13/24	Sickness Absence
A/14/24	Young Patients Family Fund
A/15/24	Information and Data Management

3.10 The Council's Audit Plan for 2023/24 was approved at their Audit, Risk and Scrutiny Committee meeting in April 2023. This plan covers a number of audits in relation to their main financial systems including reviews of the Assessors, social care income, procurement arrangements, iTrent self-service and, following the recent payroll audit, a further review of the Monthly iTrent Timesheet Submission (MiTTTS) system. The plan also details that consultation with Services has resulted in suggestions for other audits and these are being developed for possible inclusion in the plan. None of these directly relate to the IJB.

3.11 Two further audits are being considered, one relating to Care Needs and the other relating to the monitoring of Home Care contracts. Further information will be brought forward

3.12 Audit work from the Local Authority, as reported through their Audit, Risk and Scrutiny Committee, has mainly focussed on core financial work. The reports provided to their February meeting are attached at **Appendices 2 and 3**.

3.13 Reporting to the NHS Audit and Risk Committee on progress against the Audit Plan includes provision of copies of all reports finalised in the previous. This information is summarised at year-end within the Statement of Assurance provided within the annual report.

3.14 The 12 reports within the following table have been taken to the NHS Audit and Risk Committee during the 2023/24 reporting year.

Table 1 – Audit reports presented to NHS Audit and Risk Committee

Audit	Assurance	To NHS ARC
TS/10/22 – Payments to Staff	Moderate	July 2023
A/08/23 – Gifts and Hospitality	Moderate	July 2023
A/09/23 – Home Teams	Moderate	July 2023
A/11/23 – Safer Staffing	Moderate	July 2023
TS/10/22 – Payments to Staff	Moderate	July 2023
A/05/23 – Public Health Screening	Significant	October 2023
A/10/23 – Mental Health Waiting Times	Moderate	October 2023
A/05/24 – Child Protection	Moderate	October 2023
A/07/24 – Out of Hours	Significant	October 2023
A/09/24 – Creditors (Accounts Payable)	Moderate	October 2023
A/01/24 – Adverse Event Reporting	Moderate	January 2024
A/08/24 – Use of Vehicles	Limited	January 2024

- 3.15 The Home Teams report (A/09/23) provided assurances around joint working between the NHS and Council as they deliver in this area and was brought to the November 2023 meeting of this Committee for information. This has also been shared with the Council’s Head of Audit and the Audit, Risk and Scrutiny Committee Chair for information.
- 3.16 The Internal Audit functions of both the NHS and Council continue to experience challenges in progressing audit work due to ongoing pressures across the services, which have been especially stretched over recent months, although this is starting to show early signs of easing. Audit approaches have being amended to allow for remote and hybrid working. Both Internal Audit teams have recently had External Quality Assessments (EQA) and are in the process of finalising the reports.
- 3.17 An approach to coordinate assurances from the individual audit plans was agreed through this committee in March 2022 and was applied for the 2021/22 and 2022/23 audit years. This has proved to be successful with sharing information, and a number of meetings have taken place between the respective Chief Internal Auditors to discuss the risks facing the NHS and Council and where independent assurances could be provided on these and where relevant for the IJB.
- 3.18 This sharing of information and discussion around assurances has also been supported by a number of meetings held to discuss the roles of the committees and Chairs within the Partnership and the assurances that they should be looking for from Management and Internal Audit.
- 3.19 This approach will continue and reporting on assurances will be in a similar format to previous years.

Audit Follow-Up Processes

- 3.20 Within the Health Board, all audit recommendations and subsequent actions are monitored through the Audit and Risk Committee.
- 3.21 The position as at 6 February 2024 shows there are 133 actions of which 95 (71.5%) are currently overdue, which is a slight increase from 67% last quarter

- 3.22 The closure of actions is being discussed at the NHS Audit and Risk Committee who have a clear view that reduction on the level of overdue actions needs to continue.
- 3.23 Reporting through the NHS ARC on these actions has also compared where these sit within the Board's risk appetite and this is being used to prioritise those for more urgent closure.
- 3.24 All audit reports are also taken to other Standing Committees within the Board so that management are given the opportunity to detail progress against closure of the actions and also detail any issue that may prevent their closure. This oversight of the reports allows scrutiny over the key findings of the audits and also the actions arising from them.
- 3.25 The Council has a process whereby all audits are followed-up to committee 6 months after the initial report is presented. This summarises the report and progress on the actions with a recommendation on whether the report can be closed.

Audit Planning beyond 2023/24

- 3.26 Any audit work delivered within the partnership needs to follow a risk based approach and therefore the risk register work that is being taken forward for the IJB and the Health and Social Care Partnership needs to continue so that risks to the achievement of objectives are clearly identified and articulated. This will assist in directing audit resource where assurances are needed most.
- 3.27 To assist in this planning and to understand the current business being discussed across the partnership, the Chief Internal Auditor has been attending the revised committee meetings following the recent change to the committee format within the IJB. This has been supported with a review of the agendas and associated papers presented to each committee. There has been a request to feed back any observations but it is still an early stage to do this in a meaningful way.

4. Conclusions

- 4.1 This report provides an update on progress against the plans for 2023/24 and details further work required to pull together these assurances.

5. Resource Implications

- 5.1 The Internal Audit provision for the IJB for 2023/24 has been provided from the existing NHS and Council audit resource.

6. Impact on Integration Joint Board Outcomes, Priorities and Policy

- 6.1 Internal Audit is a key element of the delivery of independent assurances around the achievement of the IJB's objectives.

7. Legal and Risk Implications

- 7.1 The IJB Risk Register requires continual review so that risks to the achievement of objectives are clearly identified and articulated. This will assist in directing audit resource where assurances are most needed.

8. Consultation

8.1 This paper, as a summary of the overall audit approach, has been discussed with the Internal Audit Manager at Dumfries and Galloway Council.

9. Equality Impact Assessment

9.1 The Equality Framework within NHS D&G has been considered in creating the audit plan. An equalities impact assessment has not been completed.

10. Glossary

10.1 The following table details the abbreviations and associated terms encountered throughout this report and guidance referred to.

ARC	Audit and Risk Committee (pre Feb 2023)
A&RGC	Audit, Risk and Governance Committee (post Feb 2023)
DGC	Dumfries and Galloway Council
EQA	External Quality Assessment
H&SCP	Health and Social Care Partnership
IJB	Integration Joint Board
NHS D&G	NHS Dumfries and Galloway

Progress against Audit Plan - NHS

Audit	Audit Subject	Days	Status	Recs	Assurance	To Audit and Risk Committee	Comments
TS/10/22	Payments to staff	25	Final	7	Moderate	July 2023	
A/01/23	Risk Management	20	Final	11	Moderate	April 2023	
A/02/23	Whistleblowing	20	Final	7	Moderate	April 2023	
A/03/23	Freedom of Information	25	Final	8	Significant	April 2023	
A/04/23	External Comms and Social Media	25	Final	15	Moderate	April 2023	
A/05/23	Public Health Screening	25	Final	3	Significant	October 2023	
A/06/23	Contract Monitoring - DGRI	20	Final	8	Moderate	October 2022	
A/07/23	Procurement	25	Final	5	Moderate	April 2023	
A/08/23	Register of Interests/Gifts and Hospitality	17	Final	9	Moderate	July 2023	
A/09/23	Home Teams - Governance and Reporting	25	Final	11	Moderate	July 2023	
A/10/23	Mental Health Waiting Lists	20	Final	5	Moderate	October 2023	
A/11/23	Safer Staffing	25	Final	4	Moderate	July 2023	
A/12/23	Staff Appraisals	20	WIP				Being undertaken as consultancy work
A/01/24	Adverse Event Reporting and Learning	22	Final	7	Moderate	January 2024	
A/02/24	Recruitment Process	23	-				On hold at management request
A/03/24	Data and Information – Child Admissions	24	Prelim	14	Moderate	April 2024	
A/04/24	Estates Rationalisation – Residences	25	WIP				Focus on Residences in this audit
A/05/24	Child Protection	23	Final	4	Moderate	October 2023	
A/06/24	Infection Control	20	WIP				Nearing reporting stage
A/07/24	Out of Hours Service	22	Final	1	Significant	October 2023	
A/08/24	Vehicle Use	24	Final	14	Limited	January 2024	
A/09/24	Creditors – Accounts Payable	20	Final	5	Moderate	October 2023	
F/01/24	Property Transactions Monitoring	17	Final	3	A	October 2023	
A/10/24	Primary Care Claims	20	-				
A/11/24	Patient Information	20	WIP				
A/12/24	Interpretation and Translation Services	20	WIP				
A/13/24	Sickness Absence	25	-				
A/14/24	Young Patient Family Fund	18	WIP				
A/15/24	Information and Data Management	25	-				

Communities – Governance & Assurance

Internal Audit Report 2023-24: Direct Payments

Final Report – January 2024



1 Introduction

1.1 The Social Care (Self-directed Support) Scotland Act 2013 gives people a range of options for how their social care is delivered ranging from direct provision by a local authority to a budget which allows a service user to purchase care themselves, a Direct Payment.

1.2 The Council has around 800 Direct Payments in place where service users have chosen to arrange their own support and manage their own budget through a prepaid card. On-going payments are made automatically based on an authorised commitment in MOSAIC (Social Care workflow-based case management system).

1.3 The purpose of the audit is to provide assurance to management that:

- Care packages are authorised.
- The employment of relatives is well controlled.
- Direct payments are costed correctly in accordance with an agreed scheme.
- There is a current signed contract in place which provides clear rules on the use of a direct payment. An agreement with service users includes reference to the objectives stated in the needs assessment, and how the money may be utilised.
- Payment cards allow for categories of expenditure to be permitted or blocked as appropriate.
- Expenditure is monitored to ensure it meets the care needs of the service user as set out in the needs assessment and subsequent contract.
- HMRC rules are being complied with.
- Funds are recovered where they have not been used in accordance with the agreement.
- There is monitoring to ensure that service user's contributions are paid.
- Card balances are monitored, and surplus balances are recovered.
- A third-party brokerage service is used by some service users to assist with the administration of direct payments. There is (or should be) appropriate diligence where the Council places reliance on the work of a third party to assist with monitoring.
- Direct payment arrangements are terminated where agreements are not being complied with and / or a service users' needs are not being met by the arrangement.

1.4 The audit was based on a random sample of 20 payments made in June 2023.

2 Audit Opinion

Whilst there are established processes in place, expenditure on direct payment prepaid cards is not being effectively monitored at present. This is due to a lack of resources and also existing resources being diverted to prioritise the home teams restructuring exercise which required care packages to be repurchased.

In a limited sample we found instances where expenditure was not appropriate and assessed financial contributions were not being made. As a result, there is a risk that direct payments are not being used to meet the assessed needs of service users and also a financial loss to the Council.

The direct payment contract provides for an annual review of expenditure. The frequency of this should be increased where there is evidence of misuse of funds or non-compliance of the agreement. If necessary, direct payment arrangements should be ended.

During the audit the service recognised the difficulty in balancing the Scottish Government and SDS Scotland's expectations of flexibility, choice and freedom in the pursuit of meeting an individual's assessed needs and outcomes against the need for financial probity. In response to this the service recognises the need to review current procedures and paperwork to better reflect these expectations which will mean a change in how direct payments are monitored moving forward.

3 Main Findings

3.1 The level of assurance is based on the following definitions:

Good	Appropriate controls are in place, and these are operating effectively. Suggestions for good practice may still be made.
Satisfactory	There is an established system of control in place. Weaknesses in the design or operation of controls may result in loss to the organisation. The loss is likely to be not significant or would be minimised by compensating controls.
Low	One or more key controls is either absent or operating ineffectively. As a result, there is a significant risk of loss or undetected error.

	Control objective	Level of assurance	Comments
1.	Care packages are documented/ authorised	Satisfactory	<p>The first stage for any care package (however provided) is for Social Workers to develop a support plan which is used as the basis for a resource proposal. This is authorised by a Social Work Manager.</p> <p>We reviewed 20 recipients of a direct payment for the month of June. Each of the care packages for adults was appropriately authorised. One of the care packages for children was not authorised in Mosaic and for another it was authorised retrospectively in Mosaic (Action Point 1).</p> <p>Once agreed a commitment (purchase order) is raised and sent to the relevant Social Work Manager for authorisation. Care packages in Mosaic only need to be re-authorised when there is an increase to funding required. There is also an annual social work assessment review, but we noted that these were overdue in eight cases in our sample.</p>
2.	The employment of relatives is well controlled.	Low	The Direct Payment Regulations 2014 state that the Council can agree to the employment of close relatives where appropriate and provides a clear framework for such decisions. An exceptional circumstances request form must be completed by the relevant social work manager and authorised by the Head of Service.

	Control objective	Level of assurance	Comments
			Seven of the recipients of direct payments in our sample of 20 were employing close relatives and in 4 cases there was no form filed in Mosaic. In 3 of these cases Social Work were not aware that a family member was being paid from direct payments. Internal Audit identified these cases using information in the card portal. In a fourth case the employment of a family member was noted on the resource proposal but a form was not completed for approval by the Head of Service (Action Point 2).
3.	Direct payments are costed correctly in accordance with an agreed scheme.	Satisfactory	<p>The resource proposal sets out the level of the direct payment and whether the care required is for personal care (PC) or non-personal care (NPC). In our sample of 20 we found two examples which should not have been agreed.</p> <ul style="list-style-type: none"> • 3 additional hours to cover heating and additional food; • A payment to a guardian in addition to a package of care assistants. The provision predates legislation in 2013. It was not evident why the payment remained in place. <p>In a further case in our sample the service user chose to increase their care package using the balance on the card. This was retrospectively authorised. There should be better guidance for Social Workers on how direct payments may be used (Action Point 3).</p> <p>We note that there is currently a backlog in updating purchase orders to reflect increased hourly rates for staff. We also note that agency rates for direct payments had not been updated on Mosaic. This was identified during the course of the audit and has now been resolved.</p> <p>Service users who choose a managed account service or a local accountant to run their payroll are entitled to a management fee of £650 per annum. Service users who employ staff are entitled to recover the cost of employers liability insurance, £99 per annum. We found 6 in our sample where these fees were not added onto the care package. We were subsequently advised that these costs will be added to the care package if required as most packages have an underspend.</p> <p>In 3 cases in our sample the payment agreement issued to the service user did not agree with the costings on the purchase order.</p>

	Control objective	Level of assurance	Comments
4.	There is a signed contract in place which provides clear rules on the use of a direct payment. An agreement with service users includes reference to the objectives stated in the needs assessment, and how the money may be utilised.	Satisfactory	<p>In order to set up a direct payment the service user must agree to the following:</p> <ul style="list-style-type: none"> • a direct payment contract; • a “direct payment information advice checklist” (setting out the responsibilities of the recipient, for the employment of staff and use of the direct payment etc); and • an “additional information option 1 form” to allow a bank account to be opened. <p>Of the 20 cases reviewed there was a contract for each case, albeit in four cases the contract predates reference to NFI and should be updated.</p> <p>There was no evidence that the other forms were completed / signed in 9 cases, the risk being that the direct payment recipient may not be clear on their responsibilities and how the direct payment may be used. This would make it difficult to recover funds which are not used correctly (Action Point 4).</p> <p>A Self-Directed Support (SDS) direct payment agreement is also issued which sets out the amount of the award and what it can be used for. This is not signed by the service user.</p>
5.	Merchant cards allow for categories of expenditure to be permitted or blocked as appropriate.	Satisfactory	Some categories of expenditure such as cash withdrawals, gambling and adult services are blocked on all cards. The facility exists to tailor the categories of expenditure to individual care packages. This is not being used (Action Point 5).
6.	Expenditure is monitored to ensure it meets the care needs of the service user as set out in the needs assessment and subsequent contract.	Low	<p>The direct payment contract states that there should a full financial audit annually by the Council. At the time of the audit this was not being done. This was due both to limited resources, and existing resources being diverted to a restructuring exercise. The checks were reinstated in January 2024 (Action Point 6).</p> <p>Direct payment recipients are required to upload all supporting information to a portal to allow expenditure to be monitored. Of the 20 direct payments reviewed there was full information for 3, partial information for 6 and no information for the other 11 (Action Point 7).</p>

	Control objective	Level of assurance	Comments
			<p>The Council has access to the transactions for each of the cards. Reviewing this, in 17 cases the expenditure appears to be in line with the service user's support plan. In one case a payment of £272 was made for wellbeing treatments. This was queried by the managed service but had not been recovered. In the other 2 cases the funds were withdrawn (direct debits) by the managed service and it was not evident what was being paid for. This issue had previously been raised with the managed service but not resolved.</p> <p>We also noted one case where personal assistants were being paid more than the agreed rate and this was not being topped up by the direct payment recipient to allow a full care package to be provided.</p>
7.	Compliance with HMRC rules	Satisfactory	Of the 20 direct payments reviewed 2 had self-employed PAs and there was no evidence (unique tax reference from HMRC or liability insurance details) to support this. For another 2, it was unclear whether PAs were employed or self-employed. Not providing such information leaves the direct payment recipient vulnerable for not complying with HMRC rules (IR35) and liable for future claims if the self-employed PAs do not pay their tax contributions. We were advised that any penalties for non-compliance with IR35 would not be met by the Council.
8.	Funds are being recovered where they have not been used in accordance with the scheme.	Satisfactory	Procedures exist to recover funds which were not used in accordance with the scheme.
9.	Service user contributions are being paid.	Low	<p>The payment of service user contributions would normally be checked as part of the monitoring arrangements, which as noted above, are not effectively being done at present.</p> <p>Within our sample of 20, 8 service users were assessed as being required to make a contribution to their care. Of these 4 were being paid onto the card and one was being invoiced. In another case it was not clear from the care package why a charge was due. There are long-standing difficulties with the non-payment of contributions for other two cases with the risk that the needs of the service user are not being met (Action Point 8).</p>

	Control objective	Level of assurance	Comments
			During the course of the audit, we were advised of a case where Social Work topped up the card with the value of a service users contributions and no attempt at recovery was made due to financial hardship.
10.	Card balances are monitored, surplus balances are recovered.	Satisfactory	<p>Reports are run each month of balances on the card accounts. We obtained the reports for August but found no evidence of check.</p> <p>As of September 2023, the overall balance on the 829 payment cards totalled £4.3 million. Eight weeks of funding is normally kept on the cards which would be about £2 million.</p> <p>An annual review of high balances is normally carried out but is being done twice this year. There is also some monitoring of card balances evidenced in the case notes. The amount reclaimed from the last exercise in February/ March 2023 totalled £1.7m, confirming surpluses are being recovered. Another exercise started in November 2023.</p>
11.	Reliance on third party brokerage service	Not applicable	Service users can opt for an agency to manage a direct payment award on their behalf. Responsibility remains with the service user and the Council is not provided with information by the agency. It is unable to rely on the work of the agency for ensuring that the direct payment is used correctly.
12.	Direct payment arrangements are terminated where agreements are not being complied with/ and or a service users' needs are not being met by the arrangement.	Satisfactory	<p>The direct payment contract agreement in place adequately addresses the withdrawal (variation, termination or suspension) of the direct payment funding. There is a flowchart for FCT staff to make sure that they follow all the steps when an account is closing.</p> <p>We were advised that just one card had been terminated in last 12 months for non-compliance of the direct payment agreement. There had been difficulties with this direct payment recipient in the past, and funds had again been transferred directly to the parent's personal bank account and not accounted for.</p>

4 Action Plan

4.1 Actions are categorised as follows, High and Medium priority recommendations will be followed up by a report to Audit, Risk & Scrutiny Committee.

Priority	Definition
High	Urgent - Key controls absent, not being operated as designed or could be improved. Urgent attention required.
Medium	Needed to raise the level of assurance provided by the control system to acceptable levels
Low	Good practice which will contribute to the general effectiveness of control.
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.

	Audit Action Points	Priority	Management Response	Timescale
1	A check should be done to ensure that all care packages are supported by an authorised resource proposal.	Low	Completed.	Not applicable.
2	The framework in respect to the employment of relatives should be adhered to.	Medium	Increased monitoring will pick up situations where family members are employed without approval.	September 2024
3	Social Workers should receive additional guidance on acceptable usage of a direct payment.	Medium	SDS refresher sessions for staff will be arranged, guidance will be revisited to ensure its compliance with legislation, standards, and policies.	June 2024

	Audit Action Points	Priority	Management Response	Timescale
4	A check should be done to ensure that all direct payments are supported by the appropriate contractual documents, and where missing, agreement should be sought from the direct payment recipient.	Medium	There is now a check in place to ensure all contractual documents are signed before a new pre-paid card is set up.	Completed
			The review process will pick up existing cards that do not have these in place and this will be rectified.	September 2024
			All documentation is to be reviewed to better reflect the expectations of the legislation and guidance.	September 2024
5	Merchant categories should be tailored to individual care packages.	Low	Disagree. This is not proportionate. The functionality will be used if needed.	n/a
6	An effective monitoring regime should be put in place to ensure that expenditure is in line with a care package.	High	Staff resources linked to pressures within the care management system has prevented this from being fully implemented. A member of staff has been identified to restart the process from January 2024, it is hoped that staffing efficiencies from a pending system change will identify further capacity. It should be noted that the social work review does offer an additional level of	January 2024 - training has been delivered and monitoring commenced.

	Audit Action Points	Priority	Management Response	Timescale
			assurance but that was not part of the audit.	
7	All direct payment recipients and managed service providers should be reminded of the importance of uploading evidence of expenditure to the portal.	Medium	The restart of the monitoring process will ensure this happens. The need for this may change as part of the documentation review referenced previously.	March 2024
8	There should be a check to ensure that all contributions from service users are made. This should be at least quarterly.	High	Staff resources linked to pressures within the care management system has prevented this from being fully implemented. A member of staff has been identified to restart the process from January 2024, it is hoped that staffing efficiencies from a pending system change will identify further capacity.	January 2024 - training has been delivered and monitoring commenced.

Dumfries & Galloway Council
Communities - Governance & Assurance

INTERNAL AUDIT REPORT — MAIN FINANCIAL SYSTEMS 2023-24: MOSAIC PAYMENTS (RESIDENTIAL CARE) OVER 65s

1. Introduction

1.1 MOSAIC is the Council's Social Care workflow-based case management system and is used to originate payments to suppliers and clients. In 2022/23 the Council spent £30 million in residential and nursing care for adults.

1.2 The Council arranges accommodation in a care home based on a needs assessment. Fees are paid by the Council direct to the provider. Personal and nursing care is free of charge to care home residents of all ages who are ordinarily resident in Scotland. A means-tested financial assessment determines whether the resident is liable for their own accommodation and living costs. Everyone financially assessed is required to contribute the outcome of their financial assessment towards their care costs.

1.3 Residents and their families may choose to arrange their own accommodation. If ordinarily resident in Dumfries and Galloway the Council pays the personal and nursing care costs direct to the home leaving other costs to be contracted for directly. An assessment is undertaken to determine if the individual meets the criteria.

1.4 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 (per Financial Codes) by the continued operation of a care home and the presence of the service user at that care home.

2. Control Framework

The following control objectives were identified and reviewed as part of the audit to provide assurance to management that:

1. The Council is only paying for people who are entitled to residential care provision.
2. Placements and level of care were authorised in MOSAIC.
3. Agreed contracts/ prices are in place with the providers.
4. Payments made are correct and agreed with the providers.
5. Care has been provided to the required standard.
6. Any overpayments (negative balances occurring) are identified and recovered timeously.
7. Controls are in place to identify duplicate payments.
8. Clients are being billed for their contribution, as appropriate.

3. Control Adequacy and Effectiveness

No	Control area and design (Adequacy)	Findings and further action points (Effectiveness)
1	<p><u>Entitlement to residential care</u> The starting point is a care needs assessment, after which a resource proposal and a residential, nursing, EMI care (FCT) form is completed.</p> <p>It is prepared by a case worker (Social Worker) and reviewed by a Social Work Manager. Managers approve or reject the assessment/ resource proposal following scrutiny and consideration of the evidence within it.</p>	<p>Procedures are clearly defined and provide for good segregation of duties.</p>
	<p>The ordinary residence of clients is considered when placements are made. This ensures that Dumfries and Galloway Council only pays for placements for which it is liable. This is an operational process in Social Work. The Social Work Financial Control Team should be alerted if this determination changes.</p>	<p>Reviewed 5 out of region cases (2 in England and 3 in Scotland). Noted in one case the ordinary residency step to determine ongoing responsibility does not appear to have been carried out. Albeit there was a case note from the SW Financial Control Team to request an update on the funding continuing, there was no response from the Senior Social Worker (Action 1).</p>
2	<p><u>Authorisation</u> Care home placement requests are purchased by the Social Work Financial Control Team. On receiving the authorised resource proposal and FCT form they ensure the form has been completed correctly and tick the verification box.</p> <p>Once verified the care package is purchased. The commitment (purchase order) is sent to the relevant Social Work Manager for further authorisation. Once authorised an individual contract is issued to the care home and the service user.</p> <p>Any adjustments/ increases to care home packages require to be authorised.</p>	<p>Reviewed 25 service users care packages, for 24 we confirmed the resource proposal and the commitment had been authorised by a Senior Social Worker or above.</p> <p>The exception was a residential (pending care at home) case where a financial resources proposal had not been completed. To complete a purchase however requires further authorisation and without it the commitment won't generate a payment.</p> <p>Observed that for most cases in our sample formal authorisation in MOSAIC was given after the service users entered the care home. We were advised in practice the authorisations of the purchase of the care package will always be after the placement start date and be backdated to the date of placement.</p> <p>Noted for 13 of the 25 cases the verification box on the FCT form had not been ticked (Action 2).</p>

No	Control area and design (Adequacy)	Findings and further action points (Effectiveness)
3	<p><u>Procurement/ rates</u> The National Care Home Contract (NCHC) is the contract that the Council holds with care homes. The NCHC is managed by Scotland Excel. The rates are uplifted annually following agreement with Scottish Care and COSLA.</p> <p>Standard rates are applied on MOSAIC by BTS via a service desk call. Non-standard rates (out of region and in region negotiated rates) are entered into MOSAIC by the SW Financial Control Team and a spreadsheet kept as evidence of input/ authorisation. The Council uses the NCHC rates as a benchmark for placements outwith Dumfries and Galloway for over 65s.</p>	<p>Although this is dated 2013-14 it is still the current contract, however we note that it is currently under review.</p> <p>Reviewed the spreadsheet and found that whilst the rates were correct the audit trail was not complete. We were advised that staff will be reminded that these needs completing.</p>
4	<p><u>Payments</u> The Billing Ordering and Payments (BOP) Mosaic Team within Finance and Procurement arrange to pay the care home for the client.</p> <p>There are no invoices for residential and nursing care payments, it is an automatic payment which is set up after the placement is purchased /authorised. The new placement purchased is included in the next scheduled payment cycle (run four weekly), two weeks in advance and two weeks in arrears (until altered). The payment cycles are generated by one officer and sent to another officer for certification.</p> <p>The care home providers are given a schedule of payment dates annually.</p>	<p>Checked 25 payments (20 in region and 5 out of region) made in February 2023. In 24 cases we confirmed that all payments were correct as per the authorised care plan. The exception being a residential (pending care at home) case whereby the care home had been paid the wrong rate (for a short period) resulting in a small overpayment. Noted the rate for this particular care home had reduced in year from the enhancement rate to residential. We were advised that BTS had not uplifted the rate for this in MOSAIC due to an oversight. This has been corrected.</p> <p>The 5 out of region cases in our sample the rates the Council paid was either lower or the same as the national contract rate.</p>

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No	Control area and design (Adequacy)	Findings and further action points (Effectiveness)
5	<p><u>Service been provided</u> Care homes are expected to notify the Council of any residents who have moved out or passed away. Providers are issued with remittance advices when a payment is made along with an 'acknowledgement form' and are given 10 days to return them. These forms ask the providers to verify that the payment they received in respect of the client users listed is correct, thus confirming that the service purchased has been delivered and notify the Council of any errors. The BOP Mosaic Team actively follow up these returns and keep a monitoring spreadsheet as evidence.</p>	<p>The 25 payments tested covered 21 care homes and in 18 cases an acknowledgement return had been provided by the care home but not for the other 3.</p> <p>Obtained the monitoring spreadsheet and overall, 63 of the 74 (85%) care homes provided an acknowledgement for the February payments and 70 of the 74 (95%) homes have returned at least one payment acknowledgement during the last quarter of the 2022/23 financial year. This has improved dramatically since the last audit in 2020. Where a return has not been received from a care home for 3 months it would be good practice for Social Work to directly confirm who is resident there.</p>
	<p>The BOP Mosaic Team end care home placements in terms of the scheduled payment (and the billing element if any). The Council pay the care home for 3 days after a death. Variations are manually calculated by BOP and entered into MOSAIC. BOP also maintain a deceased spreadsheet noting those where an additional payment is due or whether an overpayment to the care home has been made.</p>	<p>One service user in our sample passed away and we confirmed that the final payment due to the care home was correct.</p> <p>Noted that variations were not being checked and subsequently as a result of our audit the BOP Mosaic Team have implemented 10% monthly spot checks, and this is being evidenced on their spreadsheet.</p>
6	<p><u>Overpayments</u> For residential care homes in Dumfries and Galloway where there are multiple clients placed by Social Work the overpayment is automatically deducted/ claimed from the next remittance. For homes out of the region an invoice tends to be raised as they only usually have the one resident.</p> <p>Negative balances reports in the Purchase Ledger are produced monthly identifying any care homes who have been overpaid. The BOP Mosaic Team arranges for invoices to be raised in Sales Ledger and the negative balance removed on the Purchase Ledger. Removal requests are authorised via Legalesign.</p>	<p>Remittance advices provide a full audit trail listing all payments and any overpayments.</p> <p>We obtained the monthly reports and authorised removal requests for February, March and April 2023 and confirmed negative balances are minimal in value and being recovered timeously.</p>

No	Control area and design (Adequacy)	Findings and further action points (Effectiveness)
7	<p><u>Duplicate Payments</u></p> <p>The risk of duplicate payments is reduced as care home packages are made via MOSAIC on contracts purchased by Social Work and the commitments are based at service user level. When running a payment cycle the BOP Mosaic Team would notice two payments for the same client to the same care home and reject it from the cycle and end the original contract to avoid duplicate payments.</p>	<p>No duplicates were found.</p>
8	<p><u>Billing</u></p> <p>Residential/ nursing care may be arranged under <i>route 1</i> (where the Council) has no involvement, <i>route 2</i> (where the Council pays the free personal care (FPC) allowance direct to the home or <i>route 3</i> (where it pays the costs in full and recovers any contribution from the service user).</p> <p>All residents in permanent residential care (<i>route 3</i>) are liable for a contribution towards their care costs. Client users are financially assessed by the Financial Inclusion Assessment Team and the outcomes (billing requests) on MOSAIC are picked up by the BOP Mosaic Team to bill the client respectively. A Sales Ledger invoice is manually raised in Integra Centros and sent to the client/ clients representative.</p>	<p>Of the 25 reviewed, one was pending care at home. A financial assessment is not required in these circumstances (this was a senior management decision that they would not be financially assessed for their interim stay in the residential home, this was introduced to help free up hospital beds); 7 were <i>route 2</i> and the Council was only paying the FPC element (no financial assessment required). The remaining 17 were <i>route 3</i>, all of whom were financially assessed. We confirmed for one month that correct bills were raised for 15 of them. For the other 2 cases the contributions due were deducted from the payment that we made to the respective out of region care homes.</p> <p>Noted two of the clients owes a significant amount to the Council for their contributions towards their care of around £34k and £7k respectively. These invoices are currently on hold and are being closely monitored by Sales Ledger to recover the outstanding sums.</p>

4. Conclusion

4.1 Payments for residential care homes 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. Overall MOSAIC provides an acceptable control environment for residential care payments.

5. Summary of Audit Actions and Management Response

	Audit Action Points	Management Response
1.	<p>Procedures should be tightened up for out of region placements to determine ordinary residence and which local authority is responsible for the payment of residential care home fees (section 1).</p>	<p>This will be taken to the Strategic Planning Group/ Health & Social Care Leadership Team group for review.</p>

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	Audit Action Points	Management Response
2.	The verification checks should be carried out and the verification box on the FCT form ticked as evidence of check (section 2) .	Social Work Financial Control Team have been reminded that this section on the form needs to be completed; reminded via teams calls and updated in notes of team catch ups. FCT staff report that sometimes workers close the workflows before they have the required information from the financial assessments to update this section.