

Audit and Governance Committee

27 September 2023



Reading
Borough Council
Working better with you

Title	Direct Payment: Response to Internal Audit Recommendations
Purpose of the report	To note the report for information
Report status	Public report
Report author	Chris Greenway – Assistant Director, Commissioning & Transformation
Lead Councillor	Cllr Paul Gittings
Corporate priority	Our Foundations
Recommendations	That the action taken in response to the Internal Audit recommendations to address the process weaknesses identified in Direct Payments be noted.

1. Executive Summary

- 1.1. The purpose of a direct payment is to provide eligible people with the flexibility and freedom to decide how their care needs should be met.
- 1.2. An internal audit of Direct Payments identified some process weaknesses and made a series of recommendations to improve the service, which were considered by Audit & Governance Committee at its meeting on 12 April 2023 (Minute 38 refers).
- 1.3. Internal Audit could only provide limited assurance on the internal controls used in Direct Payments, therefore the Committee requested that an update should be provided to future meeting on the progress that had been made to implement the audit recommendations.

2. Policy Context

- 2.1. Internal Audit's primary role is to provide an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found, Internal Audit will propose solutions to improve controls, thus reducing opportunities for error or fraud.
- 2.2. Audit & Governance Committee receives the results of internal audits at each meeting and can request the attendance of senior officers to provide more information on progress to rectify any process weaknesses identified by an audit.

3. The Proposal

- 3.1. The Internal Audit made eight recommendations to address its limited assurance finding in relation to Direct Payment (DP). The Committee is asked to note the action that has been taken to implement the recommendations set out below:

Recommendation 1: A cost-benefit analysis to establish if it would be beneficial to increase the resource of the DP Support Team to help: - Recuperate funds; and inform the allocation of funds.

Status: 50-75%

Action Complete: Analysis has been carried out as part of the scheduled Commissioning Workforce Review and it has been identified that additional capacity would be beneficial.

Next Action: Implementation of these resources is being picked up as part of the implementation of the workforce review which will commence in the Autumn, noting any additional resource would be subject to funding being secured.

Completion target date: 1st August 2023.

Revised completion target date: 31st December 2023.

Recommendation 2: Policy and procedure confirmation is required on how inflationary uplifts should be communicated and applied to the 'care' and 'non-care' aspects of the direct payment scheme, to ensure the DP payment remains appropriate to needs.

Status: 100%

Action complete: A procedure was established in March 2023. Direct Payment Personal Assistant (PA) hourly rates and care provider rate inflation is agreed by the DACHS DMT on an annual basis. Direct Payment users with PAs then have the agreed increase applied to their account. Letters are sent to all other Direct Payment users informing them of care provider inflation, offering to inflate their Direct Payment where appropriate.

Completion target date: 1st May 2023. COMPLETE

Recommendation 3: The payment expenditure audit approach and procedures for carrying out and providing assurance on direct payment expenditure should be reviewed annually by the Adult Social Care directorate.

Status: 0-25%

Action Complete: The approach has been prepared, the review will be carried out by the team's Principal Officer and presented to the DACHS DMT

Next Action: This annual review will be carried out in January 2024 to allow for the impact of other actions taken against this audit to be evidenced.

Completion target date: 31st January 2023.

Recommendation 4: Investigate the use of Allpay and Paycoll summary reports to obtain an overview of the total value of used and unused funds throughout the financial year.

Status: 100%

Action Complete: Allpay have a Card Status Report which shows all live balances. Paycoll Payroll are now sending us a summary report monthly with latest balances for all of their Direct Payment users.

These reports will now be analysed monthly by the Senior Financial Support Officer with cross referencing to weekly Direct Payment amounts to determine used and unused funds. Especially high or low balances identified will be prioritised for monitoring.

Completion target date: 1st May 2023. COMPLETE

Recommendation 5: The procedures, processes, and templates for reviewing and setting up direct payment applications should be reviewed annually to ensure these remain effective, efficient, and secure.

Status: 100%

Action Complete: A review has been completed of procedures, processes and templates related to Direct Payment set up. All procedures have been documented as part of this review. Processes are in place to create a separation of duties identified in this audit. There will be ongoing development and reviewing of procedures and processes.

A new Direct Payments function has been set up, which separates the setting up of a direct payment from monitoring. Staffing resources available mean this will be compromised though if leave/sickness leads to monitoring officers having to cover set ups.

6 monthly audits are in place to check that the DACHS Eligibility, Risk and Review Group approve all direct payments, that purchase orders are being raised & a signed direct payment agreement is held. Any queries are followed up by the Senior Direct Payments Officer.

Completion target date: 30th April 2023. COMPLETE

Recommendation 6: A review of all current direct payment authorisations and agreements should be undertaken to ensure payments are valid and to ensure that the proper sign-offs and documentations are in place.

Status: 100%

Action Complete: A review of all current Direct Payment authorisations and agreements has been completed. Authorisations are confirmed in place for 100% of the Direct Payments. 25 Direct Payments were found to have no record of an agreement (10%) though these are all for long standing cases & newer ones all have agreements in place. A further review in August 2023 identified a decrease in the percentage of these legacy cases without a Direct Payment Agreement recorded to 7.5% (19) evidencing the progress being made in this area. Further work is being carried out to get agreements in place for those not evidenced.

Completion target date: 31st March 2023. COMPLETE

Recommendation 7: The reasons for unspent balances should be obtained and recorded on the Monitoring spreadsheet so that this can be discussed with the client's care worker to decide if they need assistance, reassessment, or if funds should be recovered, or stalled on Fusion were paid directly. These decisions should be reviewed and approved.

Status: 50-75%

Action Complete: Reasons for unspent balances will be recorded on the Direct Payment Monitoring workstep in Mosaic, along with confirmation of the DP Monitoring Officer having reported this to the appropriate Adult Social Care operational worker/team. A form in Mosaic needs amending to achieve this. The request and specification for this has been sent to the Mosaic Support Team for completion.

Next Action: Testing the amended Mosaic workstep. Once done then changes made to Mosaic. These actions will be relatively quick to complete.

Completion target date: 10th October 2023.

Recommendation 8: Validation checking and system exception report controls should be introduced to ensure information is complete and accurate e.g., making sure officers are identified in relation to their role. This will help improve transparency in demonstrating separations of duties and declarations of interests.

Status: 100%

Action Complete: Declarations of interest forms have been completed by all Direct Payment staff. These forms are held by Senior Officers.

The new Direct Payment setup function role has created a separation of duties, though this will be compromised in cases of leave/sickness due to low staffing resources available. Separations of duty will be checked in annual audits, with a report being used to identify which Officers made Direct Payment purchases.

Completion target date: 31st January 2023. COMPLETE

4. Contribution to Strategic Aims

4.1. The Council's Corporate Plan has established three themes for the years 2022/25. These themes are:

- Healthy Environment
- Thriving Communities
- Inclusive Economy

4.2. A key aim of 'Thriving Communities' is to prioritise the needs of the most marginalised groups and the most vulnerable adults and children in our communities. Residents who are under the care of Adult Social Care are able to receive Direct Payment to allow them to commission their own care, which is tailored to their needs.

4.3. Building self-reliance is a cornerstone of the Council's 'Foundations' whereby we work with others to develop resilient individuals and communities that can solve their own problems and withstand the shocks that come their way. We provide support to those who need it – but our first priority is always to help people live independently for as long as possible. Direct Payment allows people the flexibility and freedom to decide how their care needs should be met and take control of their lives.

4.4. Full details of the Council's Corporate Plan and the projects which will deliver these priorities are published on the [Council's website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.

5. Environmental and Climate Implications

5.1. There are no environmental or climate implications arising from the report.

6. Community Engagement

6.1. Not applicable to this report.

7. Equality Implications

7.1. No equalities impact implications have been identified as arising from this report.

8. Other Relevant Considerations

8.1. None.

9. Legal Implications

- 9.1. The rules for qualifying, establishing, and monitoring direct payments are set out under The Care and Support (Direct Payments) Regulations 2014.
- 9.2. The terms of reference of the Audit & Governance Committee include reviewing Internal Audit reports and the key issues arising and seeking assurance that action has been taken where necessary. This activity is in accordance with the responsibilities of the Committee as set up under Sections 101 and 102 of the Local Government Act 1972 and acting as the Council's audit committee as recommended by the Audit Commission and CIPFA.

10. Financial Implications

- 10.1. Not applicable.

11. Timetable for Implementation

- 11.1. The targets for implementing the recommendations from the Internal Audit report are included in the Audit Tracker, which is reviewed regularly by CMT and the Audit & Governance Committee to ensure that action is being taken promptly to address systems weaknesses.

12. Background Papers

- 12.1. There are none.

Appendices

1. None