

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Social Work Services and Financial Services – Individual Budget Direct Payments

1. Introduction

- 1.1 As part of the agreed Internal Audit plan we have carried out a review of individual budgets, specifically direct payments.
- 1.2 Self-Directed Support (SDS) is the process used by Social Work Services (SWS) to implement the national policy of Personalisation, which allows service users to choose the type of support they require to meet their social care needs. This system offers service users, with assessed eligible needs, an individual budget which is used to plan, design and spend on meeting their needs. There are four options available to service users when using their individual budget to purchase care, these range from the service user (SU) receiving a direct payment to select, pay for and manage their own support, the local authority paying the service provider selected by the service user, the local authority arranging and directly paying the support for the service user, or a combination of all three options.
- 1.3 For those SUs who receive a direct payment, Financial Services (FS) undertakes financial monitoring on behalf of SWS to confirm that the money received by the SU has been used as detailed in their support plan to meet the agreed outcomes.
- 1.4 Where SUs require support to manage their Direct Payments, they are directed to the Glasgow Centre for Inclusive Living (GCIL). GCIL provides a variety of support, including help with completing financial monitoring returns.
- 1.5 As at February 2019, there were over 500 SUs in receipt of direct payments, and £8.8million paid as direct payments in 2018/19.
- 1.6 An alternative to the current direct payments process is being developed in the form of prepaid cards. Direct payments will be paid directly into prepaid card accounts rather than bank accounts and will allow SWS/FS to review spend as it is incurred rather than awaiting monitoring returns from SUs. The live test for this is due to be rolled out in June 2019 for 25 SUs, with full implementation expected by the end of August 2019.
- 1.7 The scope of the audit was to ensure that SWS has adequate processes and controls in place to ensure that individual budget direct payments are used appropriately.
- 1.8 The scope of the audit included:
- Documented procedures and training provided on the administering and monitoring of individual budgets for all relevant staff and service users.
 - A walkthrough of all aspects of the process, including identifying eligible service users, selecting the most appropriate option, allocating budgets and making payments.
 - A review of the monitoring arrangements in place to ensure that service users spend their individual

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budget on support that helps meet their assessed eligible needs.

- A review of a sample of individual budget direct payments made, including corresponding documentation.
- A review of any reconciliations and checks undertaken for individual budgets.

2. Audit Opinion

2.1 Based on the work carried out a limited level of assurance can be placed upon the control environment. The audit has identified scope for improvement in existing arrangements and six recommendations which management should address.

3. Main Findings

3.1 There is a process in place for allocating individual budgets (IBs) and in a sample of 15 SUs in receipt of direct payments, all had signed payment agreements confirming that they would agree to buy support services outlined in their support plan to meet their agreed outcomes. For the majority of SUs, payments are made on a 4 weekly basis in advance to ensure SUs have funds timeously to meet contractual arrangements with provider agencies and/or as an employer of Personal Assistants. This also helps to minimise the amount of money that could be misused. Of the sample reviewed, three had changes made to their payment agreements, and we found

that the changes had been undertaken in accordance with the procedures.

3.2 However, our audit testing found that there are some areas of non-compliance. There is guidance and support available for SUs and their families, however the guidance requires to be updated to reflect the Council's retention policy requirements. The guidance available on the Connect intranet for staff to provide to SUs is also an out of date version. Although there are procedures in place for administering direct payments, there are key parts of the process that are not documented. For the procedures that are in place, a number of these require to be updated to reflect current practice

3.3 From reviewing the sample of 15 SUs receiving a direct payment, we identified instances where some of the requirements outlined in the procedures were not adhered to. Further details are included in the action plan.

3.4 SUs are expected to provide a quarterly monitoring sheet detailing that quarter's income and expenditure. Bank statements should also be provided to demonstrate the transactions recorded. These are used by FS to carry out a financial monitoring return check to ensure that the direct payment is being used as expected. It was found during discussion with FS and SWS, that there were inconsistencies in relation to which bank statements were expected to be provided.

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- 3.5 From reviewing the most recent monitoring return for the 15 SUs selected, we found three instances where the monitoring return was outstanding at the time of the audit fieldwork. Furthermore, the monitoring log held that records the date the last monitoring return was undertaken and next due for each SU is not up to date.
- 3.6 In addition, from reviewing/filtering the entire monitoring log, we found that over 100 monitoring returns were overdue from a total of 498. These dated as far back as April 2017.
- 3.7 Of the 15 SUs selected for the audit sample, we reviewed one monitoring return for each. There were a number of instances identified within this sample where we could not confirm that the direct payment was spent in accordance with the SU's care plan and/or payment agreement. Furthermore, within the sample of 15, there were two instances identified where a deficit in the SU's direct payment balance had been calculated by FS but no action had been taken.
- 3.8 An action plan is provided at section four outlining our observations, risks and recommendations. We have made six recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	4
Medium	Less critically important controls absent, not being operated as designed or could be improved.	1
Low	Lower level controls absent, not being operated as designed or could be improved.	1

- 3.9 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.10 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.11 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Adequate documented procedures and training are available for all stakeholders involved in the individual budget process.				
1	<p>Although there are procedures in place for administering direct payments, there are key parts of the process that are not documented. Specifically the role that SWS Finance plays within the direct payment process and the process to be followed when FS is carrying out financial monitoring returns. For the procedures that are in place, a number of these require to be updated to reflect current practice.</p> <p>Furthermore, there is guidance and support available for SUs and their families, however the guidance requires to be updated to reflect the Council's retention policy requirements. The guidance available on Connect for staff to provide to SUs is also an out of date version.</p> <p>A lack of documented procedures increases the risk of inconsistent practices and could limit the ability of new staff members being able to take on the role effectively. It also means that SUs</p>	<p>SWS and FS management should ensure that all parts of the direct payment process are documented. Furthermore, all existing procedures should be reviewed and updated as required to ensure they reflect current practice. Thereafter these should be communicated and made accessible to relevant staff.</p> <p>SWS management should ensure that the guidance available for SUs is updated to reflect the Council's retention policy requirements and that the current version is uploaded to Connect.</p>	Medium	<p>Response:</p> <p>FS will implement Direct Payment process (DP) as defined by SWS including any updates to existing practices.</p> <p>SWS – Agreed. A new DP web page has been developed on GCC external website and on Connect. All information has been updated or removed as appropriate. Communication has been issued to appropriate staff to inform them of this. Communication is also being issued to SUs as part of the roll out of new prepaid cards.</p> <p>Officer Responsible for Implementation:</p> <p>SWS Lead with FS CBS Ops Manager implementing</p> <p>Finance Manager</p>

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	are not made aware of their expectations in relation to direct payments.			Timescale for Implementation: 31 August 2019
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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Individual budgets are fairly assessed and appropriately approved.				
2	<p>From reviewing a sample of 15 SUs who receive direct payments, we identified instances where some of the requirements outlined in the procedures for allocating these were not adhered to, including:</p> <ul style="list-style-type: none"> • Approving Agreed Estimated Budgets (AEB). • Approving Support Plans. <p>Budgets are discussed and agreed at a Resource Allocation Screening Group (RASG) meeting. The minutes from this meeting should be completed and saved by the attending Service Manager to confirm approval. Thereafter a support plan is developed detailing the various services/care the SU requires. Where the support plan exceeds the AEB agreed at the RASG, the plan should be approved by the Service Manager. Within the sample, there were instances where at least one of these requirements were not adhered to.</p> <p>Furthermore, the procedures note that a personalisation review should be carried out every two years to ensure that the Individual Budget (IB) and care plan</p>	<p>SWS management should ensure staff fully comply with the requirements for allocating individual budgets. The requirement for carrying out personalisation reviews every two years should be reviewed to confirm whether it is required and is feasible. This could include exploring different ways in which the review can be undertaken, e.g. a desktop review. The procedures should be updated where necessary.</p>	High	<p>Response:</p> <p>Agreed</p> <p>Officer Responsible for Implementation:</p> <p>Assistant Chief Officer (Finance)</p> <p>Timescale for Implementation:</p> <p>31 August 2019</p>

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	<p>remain adequate. However the auditor was advised by SWS that this is no longer the case due to limited staff resources and would be carried out as and when a need is identified. This could result in issues with a SU's IB or plan going unnoticed.</p> <p>When the requirements outlined in the procedures for allocating budgets are not adhered to, there is an increased risk that budgets set for SUs are unreasonable.</p>			
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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: A monitoring system is in place to ensure that funds are spent in accordance with the service user's agreed support plan and payment agreement.				
3	<p>SUs are expected to provide a quarterly monitoring sheet detailing that quarter's income and expenditure. Bank statements should also be provided to demonstrate the transactions recorded as well as invoices/receipts where appropriate.</p> <p>We found during discussion with FS and SWS, that there were inconsistencies in relation to what bank statements were expected to be provided. FS advised that they would only expect/look for the SU's personal bank statement (one set up for their direct payment). Although this would be adequate in some cases, for those service users who utilise GCIL, the SU's bank statement would only show the transfer to GCIL and thereafter, there would be no visibility of what the money was actually used for. This could only been seen in their GCIL bank account. SWS advised that in these cases, they would expect the GCIL bank statements to be provided and we confirmed that this was occurring in some cases.</p> <p>There were instances found in the sample of 15 SUs, where the monitoring sheet did not provide full details of the expenditure</p>	<p>FS must ensure that bank statements are provided as part of all monitoring returns which show the expenditure purchased with the direct payment.</p> <p>FS should return inaccurate or materially incomplete monitoring sheets to SUs to be fully completed before the monitoring return is complete and arrears in care calculated.</p>	High	<p>Response:</p> <p>FS will implement a consistent approach for monitoring returns and incomplete sheets will be returned to SUs.</p> <p>Officer Responsible for Implementation:</p> <p>FS Operations Manager</p> <p>Timescale for Implementation:</p> <p>30 June 2019</p>

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	<p>incurred, e.g. only noted “payment” or “transfer to GCIL”.</p> <p>This meant that we could not verify that the payments made were in accordance with the service user’s agreed support plan and payment agreement.</p> <p>Furthermore, FS calculates any arrears in care using the expenditure recorded on the monitoring sheet. This is to take into account care that has been received but not paid to date.</p> <p>Without sufficient detail being provided in the monitoring sheet, the arrears in care calculation would be incorrect. This could result in a deficit in the balance available not being identified which could impact the SU’s ability to purchase care.</p>			
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No.	Observation and Risk	Recommendation	Priority	Management Response
4	<p>From reviewing the most recent monitoring return for the 15 SUs selected, we found three instances where the monitoring return was outstanding.</p> <p>Furthermore, the monitoring log held by FS to record the date the last monitoring return was undertaken and the next return due for each SU receiving a direct payment, is not up to date.</p> <p>FS advised that significant improvements have been made to reducing the backlog of outstanding monitoring reviews in recent years. We reviewed and filtered the entire monitoring log, and found that over 100 monitoring returns were overdue from a total of 498. These dated as far back as April 2017.</p> <p>This increases the risk that the misuse of direct payments may go unnoticed.</p>	<p>FS should identify all monitoring returns which are overdue and ensure these are reviewed as a matter of urgency.</p>	High	<p>Response: Overdue returns will be reviewed.</p> <p>Officer Responsible for Implementation: FS Operations Manager</p> <p>Timescale for Implementation: 31 July 2019</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
5	<p>Of the 15 SUs selected, we reviewed one monitoring return for each user to confirm that the check undertaken by FS was in line with the requirements described to the auditor. There were a number of cases where the requirements were not adhered to, including:</p> <ul style="list-style-type: none"> • Back up to support payments recorded on the monitoring sheet either not being available or inadequate. • Cash withdrawals identified, not being passed to SWS by FS for action. <p>Furthermore, within the sample of 15, there were two instances identified where a deficit in the SU's direct payment balance had been calculated by FS, however the relevant Care Manager had not been advised as expected.</p> <p>This increases the risk that the misuse of direct payments may not be identified or addressed.</p>	<p>FS management should ensure staff fully comply with the documented requirements for undertaking financial monitoring returns. In conjunction with recommendation 1, staff should be provided with a copy of the relevant documented procedures for reference.</p> <p>Where a deficit is identified in a SU's balance, FS should ensure that the relevant SWS Care Manager is advised to enable them to investigate.</p>	High	<p>Response:</p> <p>FS will provide copy of SWS documented procedures once finalised as per recommendation 1. Deficits will be passed where appropriate to SWS.</p> <p>SWS – Agreed, per response at action 1.</p> <p>Officer Responsible for Implementation:</p> <p>SWS Lead with FS CBS Ops Manager implementing</p> <p>SWS Finance Manager</p> <p>Timescale for Implementation:</p> <p>31 August 2019</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: A sufficient audit trail is maintained for any changes made to a service user's payment agreements and support plans.				
6	<p>A master spreadsheet is held by FS that details all SUs receiving a direct payment, including the payment amount and contact details. The spreadsheet details any changes made to the payment amount, however it does not record the date the change has taken place. We also found through sample testing that the spreadsheet was not up to date for all SUs.</p> <p>This information is used by SWS as a central register of all SUs receiving a direct payment.</p> <p>As the information within the spreadsheet is not up to date, there is an increased risk that figures reported by SWS in relation to direct payments, may be incorrect.</p>	<p>SWS should develop a suite of reports from Carefirst to meet their management information requirements.</p> <p>In the interim, FS management should ensure that the master spreadsheet is reviewed and updated to reflect the current details for all SUs. As a minimum, the date changes are made to direct payments should be recorded for future reference.</p>	Low	<p>Response:</p> <p>In the interim period FS will update master spreadsheet</p> <p>SWS – Agreed.</p> <p>Officer Responsible for Implementation:</p> <p>FS Operations Manager</p> <p>SWS Finance Manager</p> <p>Timescale for Implementation:</p> <p>30 June 2019</p>