SELF-DIRECTED SUPPORT
IN SOCIAL CARE – DIRECT
PAYMENTS

Final Distribution
Corporate Director - Finance Risk Management
Corporate Director Environment
Director of Childrens Services
Corporate Director Strategy, Governance and Performance
Community Wellbeing Corporate Director
Chief Executive
Social Care Assistant Director
Programme Manager Transformation
Finance Manager – Mouchel
Finance Lead – Social Care Reform
Systems Manager

Geoff Barlow – Interim Audit Services Manager
Stacey Crosby and Mark Nicholson – Auditors

FEBRUARY 2010
EXECUTIVE SUMMARY

1 INTRODUCTION

1.1 Background

Direct Payments (DPs) are made to individuals who have been assessed as having eligible needs for certain services. The aim of DPs is to give more choice to the Service User by allowing them to manage their own support by purchasing the assistance or services themselves rather than using the Council's own services.

Service Users are required to submit quarterly returns to be "audited" by a Mouchel Finance Officer. "Audits" are completed as per a risk matrix but in essence every return is checked regardless of its risk rating.

Currently Carefirst holds the details of Adults who are involved with Adult Social Care. The system is set up to allow the DP provision to be entered and the Care Plan to be managed. The Service Users more detailed financial arrangements are set up on a spreadsheet by the Finance Officer, who administers DPs, which is then linked into SAP (the Council's payments system) to ensure that each Service User allocated a DP will receive this.

Carefirst will be replaced by framework on 22 March 2010 which can be integrated with SAP to wholly manage DPs.

1.2 The Future

The Department of Health is working to define policy and guidance for delivering a social care system that provides care equally for all, whilst enabling people to retain their independence, control and dignity. The framework for cross sector reform is set out in Putting People First: a shared vision and commitment to the transformation of Adult Social Care.

Within the council a small team (the Social Care Reform Team) has been set up to manage the programme of social care reform and includes a lead officer, a commissioner, a social care practitioner and a finance officer with additional support from communications, performance and workforce development. The Programme Lead reports monthly to the Board which is governed by the MKC Programme Management Approach. The board receives updates on the key priorities of the programme and is responsible for reviewing and managing risk and for making decisions.

The role of the team is to develop the principles of the “Putting People First” guidance both in terms of the philosophy of the changes as well as developing the detail of the systems and processes necessary to move to a more “personalised” approach for social care. A key aspect of this programme of change is the involvement and engagement of service users, families and carers and staff and citizens in order to develop a programme of change that fits well with the local community.

Under the new care and support system, once people are assessed they will
get a personal budget rather than being told what services they should receive. They will have as much support as they want in using this resource. Some people will choose to take their budget as cash (that is paid by direct debit into their bank account) and pay for everything directly themselves. Others will prefer to let someone else manage the funding on their behalf – either someone from the local authority, a family member or a friend. People will have the control to get the services they want.

1.3 Objectives and Scope

The objectives of the audit were to ensure that:

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>a)</td>
<td>A review of the robustness and value of the current vetting system of returns made under the Direct Payments system</td>
</tr>
<tr>
<td>b)</td>
<td>An appraisal on the future options for the vetting of payments made under the Direct Payments system, as part of Department of Health Transforming Social Care Agenda</td>
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</table>

Key: 1 = Poor, 3 = Good

1.4 Volume Indicators

<table>
<thead>
<tr>
<th>Direct Payment Expenditure</th>
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</thead>
<tbody>
<tr>
<td>07/08 £</td>
<td>1,447,386.74</td>
</tr>
<tr>
<td>08/09 £</td>
<td>1,826,627.13</td>
</tr>
<tr>
<td>09/10 (to December 2009) £</td>
<td>1,881,540.11</td>
</tr>
<tr>
<td>No. of Service Users in Receipt of Direct Payments (January 2010)</td>
<td>278</td>
</tr>
</tbody>
</table>

2 AUDIT OPINION

Weak – The current system of receiving returns on a quarterly basis and then auditing these either quarterly, 6 monthly or annually has resulted in a backlog of “audits” to be carried out and as a result there is limited assurance that checks are being carried out to ensure that those in receipt of Direct Payment are receiving correct payment and in consequence receive appropriate levels of care.

However, the current review of the management of Cash Payments under the Personal Budgets outlined by the Department of Health Transforming Social Care Agenda presents an excellent opportunity to review the process to ensure expectations of those in receipt of Direct Payments, Social Workers and Finance Professionals within the council are fully met.
3 CONCLUSIONS

3.1 The current vetting system of returns made under the Direct Payments system is failing to ensure that all returns are being reviewed as expected. Not only are low risk cases not being reviewed but also the high risk cases are not being reviewed on a timely basis. This could result in inappropriate care packages not being identified and clawback not being made.

3.2 The work carried out by the Social Care Reform Team in considering the CIPFA proposals that a “light-touch” be introduced present a good opportunity to assist in introducing a new system where the checking expectations are met.

4 WAY FORWARD

4.1 All recommendations are in the Management Action Plan (Page 10).

4.2 The new system must allow a manageable workload ensuring that all “audits” are carried out as expected. Thus, it is recommended that not only are the “audits” carried out on a sample basis, but that only the records relating to a quarter are reviewed with other quarters being assessed through the “light-touch” approach of the submission of a quarterly summary sheet and a reasonableness review of those records with the quarter “audited”.
FINDINGS SUMMARY

5 DETAILED AUDIT FINDINGS

There is a total of 278 Service Users (at January 2010) that are currently managing their own care via Direct Payments. A sample of 15 of these Service Users were selected for the audit - 3 from each of the Adult Social Care teams; Learning Disabilities, Mental Health Team, Older Peoples Services, Older Peoples Mental Health Team and Physical Disabilities. The findings of this testing is detailed below:

5.1 A review of the robustness and value of the current vetting system of returns made under the Direct Payments system

a) Carefirst

The Carefirst database maintains Adult Social Care records including Care Plans that have been agreed to support the needs of Service Users. Where DP is the chosen method of providing support, the Care Plan should provide details of this.

- For 5 there was no Care Plan on Carefirst.
- There was no evidence of an annual review of the Care Plan for 3 cases.
- For 5 out of 10 Care Plans on the Carefirst, they did not detail the amount of DP allocated.
- For 14 users there was no detail of the current payment on the client record.

Implication/Risk - Without a Care Plan on Carefirst, or details shown on the Care Plan of the amount of DP, there is nothing to support the amount of DP being paid and incorrect payments could be made. A review may be missed if Care Plans are not updated with details of the reviews that have taken place and a Service Users needs may not be fully met.

Recommendation – The Carefirst system should be fully populated with all Care Plans and where the Service User receives DP the detail of the DP should be included in the Care Plan and the finance screen. However, the introduction of framework should ensure all documentation is held and all fields completed.

b) Direct Payments Files

Carefirst has the ability to approve the Care Plan electronically but this functionality has not been used. Instead, authorised paper copies of Care Plans (new and revised) are kept in paper DP files to contain detail of the Service Users payment and any subsequent amendments.

- 1 Care Plan held on file was not signed.
• 7 files did not have a copy of the most up to date Care Plan.

**Implication/Risk** - Without these documents there is no evidence to support the trigger for the DP. Incorrect payments could be made.

**Recommendation** – *DP should not be paid unless supported by an authorised Care Plan on the DP file. However, the introduction of framework should ensure the on-line approval of Care Plans (to be called Support Plans) and remove the necessity to maintain paper DP files.*

c) “Audits” and Checklists

An “audit” is a financial review to check the integrity of the returns completed quarterly by Service Users. “Audits” should be completed as per the risk profile matrix: high – quarterly; medium – 6 monthly; low – annually. The risk profile and detail of actual “audits” carried out is shown below.

<table>
<thead>
<tr>
<th>Number of Service Users/Category</th>
<th>Number due an audit</th>
<th>Returns received*</th>
<th>Audits carried out</th>
<th>Number of audits missed</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>Medium</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Low</td>
<td>9</td>
<td>7</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>12</td>
<td>9</td>
<td>7</td>
</tr>
</tbody>
</table>

Of the “audit checklists” reviewed only 4 were completed adequately.

(*Although for some of these returns later returns should have been received, but as the earlier return had not even been audited these have been counted as returns received.*)

The September 2007 internal audit of DP identified a large backlog of unaudited returns and clearly this still remains.

**Implication/Risk** – If the agreed “auditing” regime is not followed there is a risk that payments made might not be used for the purposes intended. If checklists are not completed as expected then there is no assurance provided confirming that the “audit” is complete.

**Recommendation** – *For some time now there has been a backlog of DP to be “audited”. This situation must not be allowed to continue. A new testing regime should be agreed which allows “audits” to take place on a timely basis. Checklists should be completed in full confirming the “audit” process has been completed in its entirety.*

d) Risk Ratings

Service Users are currently risk rated on their amount of DP taking into account factors such as whether the DRC aid the Service User with their returns and whether their returns are completed on a timely basis.

• 7 Service Users had not been risk rated on the spreadsheet used by the Finance Officer.
6 Service Users were risk rated correctly as per the process.
2 Service Users were not risk rated in line with the risk assessment process.

**Implication/Risk** – If Service Users are not correctly risk rated then the level of “audit” might not be commensurate with the level of risk resulting in errors not being sooner identified.

**Recommendation** – A periodic supervisory sample review should be undertaken of risk ratings to ensure that the rating has been appropriately applied to the Service User.

e) Chasing of Returns

Returns should be completed and submitted quarterly to the Finance Officer.

- For 8 Service Users no recent returns had been submitted and there was no evidence that the Finance Officer had chased them for these returns.

**Implication/Risk** – If returns are not submitted then “audits” cannot be carried out and error not identified.

**Recommendation** – Records should be maintained to evidence the efforts made to chase outstanding returns.

f) Clawbacks*

When a Service User has an excess of 10% of their DP left over in their bank account at the end of the year, if there is no reason for this money to be ‘saved up’ then with approval from the Social Worker a request is made to have the money paid back. An invoice will then be raised to request payment of this money; this process is called ‘clawback’.

- For 5 Service Users clawback was unable to be identified, due to returns being inconsistent.
- 5 clawbacks had been requested and paid back
- For 1 Service User part-payment had been received, there was no evidence to confirm that the outstanding amount had been requested.
- For 4 Service Users there is evidence that clawback is due but has not been requested.

(* Clawbacks have been reviewed independently of “audits” – “audits” should trigger clawback (where appropriate) but as few expected “audits” have been carried out the clawbacks examined are ones resulting from previous audit/1/4ly checklist totals (in these instances a clawback has been made without an audit being carried out)).

<table>
<thead>
<tr>
<th>Direct Payment Clawbacks</th>
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<tbody>
<tr>
<td><strong>07/08</strong></td>
</tr>
<tr>
<td>£</td>
</tr>
<tr>
<td>96,166.43</td>
</tr>
</tbody>
</table>
Implication/Risk – The lack of clawback not only has a financial risk of the council not having the funds it is due but also is a risk to the Service User whereby there is no trigger to inform the Social Worker that the Service User may need a re-assessment. There is a potential waste of resource in requesting that Service Users make re-payment. For many clawbacks the total due could be taken from the first few weeks of Direct Payment. This would save a debtor account being raised and alleviate the risk of non-payment.

Recommendation – Clawbacks should be requested, where appropriate, at least annually. Consideration should be given to obtaining clawback from future payments rather than go through the procedure of raising invoices.

5.2 An appraisal on the future options for the vetting of payments made under the Direct Payments system, as part of Department of Health Transforming Social Care Agenda

“Light-touch” Approach

The Social Care Reform Team has been considering a “light-touch” approach which is supported by CIPFA guidance. The same guidance also highlights that it is reasonable to ask people to account for how they have spent their funds. The team has given much deliberation on this matter and has had several meetings with Internal Audit to discuss the approach.

The changes that are to be made to the system of social care client submissions and the checking regime by the council presents an opportunity to fix the current problems within the “audit” of Direct Payments. Much of the current problems relate to the backlog that has been caused by the fact that every Direct Payment recipient should be checked every year. Internal Audits perspective of the future of “audits” has particularly taken this into account because the current system must be improved.

Internal Audit worked with the Social Care Reform Team to develop the proposals to be made to the board and has below highlighted the main features of these and the way in which they will support an improved “audit” regime.

- All clients that take their Personal Budgets as cash will submit a quarterly summary sheet of expenditure.
- The Finance Officer will check receipt of these and carry out a reasonableness test on the amount of expenditure (as compared to the budget) and the expenditure type. This check will not be exhaustive but instead will reflect the trust that we have of our clients and be more about reviewing their ability to demonstrate that they are able to well manage public funds. Whilst the submissions are made, and there are no reported problems, the client can remain in the low risk category.
- Full “audits”, by the Finance Officer, will be carried out on a sample basis quarterly. The sample size will be dependent on the risk category. As a suggestion the following could be used: low risk – 1 in 12 checked; medium – 1 in 6 checked; high risk – 1 in 3 checked.
Thus, low risk cases will be checked every three years, medium risk every 18 months and high risk every 9 months.

- The “audit” checks will be a detailed check of just the expenditure for that quarter. Other quarters will be judged on a reasonableness basis based upon the results of the full quarter audit.

- If the bulk of the risk assessments are low then the finance officers workload expectations will be reduced by up to 60% and further reduced by the fact that a quarter is checked and not a whole year – this will allow all “audits” to be carried out as expected and further allow the Finance Officers role to develop to become that of finance support to social care clients.

- With the emphasis on social care clients being accountable they will be expected to maintain thorough records at home. As well as the regular quarterly submissions of summary sheets and the “audits” of the detailed records (which as noted above in low risk cases will just be every three years) Social Workers when they visit clients will include in their review a check to ensure that the client is maintaining their financial records as expected. Any problems would be reported to the Finance Officer. Likewise the Finance Officer would report any problems to the Social Worker.
MANAGEMENT ACTION PLAN

The recommendations are categorised on the following basis:

- **Essential** - Implementation is required with immediate effect to address a weakness that fundamentally undermines the control/objective of that system.
- **Important** - Implementation is required within a short period of time to address weaknesses that seriously undermine the control/objective of that system.
- **Standard** - Management need to take recommended action within a reasonable period to address weaknesses that may undermine controls/objectives.

<table>
<thead>
<tr>
<th>Ref</th>
<th>Recommendation</th>
<th>Management Comments</th>
<th>Manager Responsible &amp; Target Date</th>
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<tbody>
<tr>
<td>1</td>
<td>The Carefirst system should be fully populated with all Care Plans and where the Service User receives DP the detail of the DP should be included in the Care Plan and the finance screen. <strong>However,</strong> the introduction of framework should ensure all documentation is held and all fields completed.</td>
<td>Framework will ensure that all fields have to be populated.</td>
<td>Systems Manager 31/03/2010</td>
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<tr>
<td>2</td>
<td>DP should not be paid unless supported by an authorised Care Plan on the DP file. <strong>However,</strong> the introduction of framework should ensure the on-line approval of Care Plans (to be called Support Plans) and remove the necessity to maintain paper DP files.</td>
<td>Framework will allow the on-line approval of care plans.</td>
<td>Systems Manager 31/03/2010</td>
</tr>
<tr>
<td>3</td>
<td>For some time now there has been a backlog of DP to be “audited”. This situation must not be allowed to continue. A new testing regime should be agreed which allows “audits” to take place on a timely basis. Checklists should be completed in full confirming the “audit” process has been completed in its entirety.</td>
<td>Agreed. The opportunities presented by the new “light-touch” approach will assist in making workloads manageable.</td>
<td>Finance Manager – Community and Wellbeing and Social Care Reform Team Lead Officer 31/03/2010</td>
</tr>
<tr>
<td>Ref</td>
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<tr>
<td>4</td>
<td>A periodic supervisory sample review should be undertaken of risk ratings to ensure that the rating has been appropriately applied to the Service User.</td>
<td>Agreed.</td>
<td>Finance Manager – Community and Wellbeing 31/03/2010</td>
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<td>Records should be maintained to evidence the efforts made to chase outstanding returns.</td>
<td>Agreed.</td>
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<td>Clawbacks should be requested, where appropriate, at least annually. Consideration should be given to obtaining clawback from future payments rather than go through the procedure of raising invoices.</td>
<td>Agreed.</td>
<td>Finance Manager – Community and Wellbeing and Social Care Reform Team Lead Officer 31/03/2010</td>
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NB Any cost implications arising from implementation of the recommendations by Mouchel must be agreed in advance with the appropriate Client Officer and the Partnership Delivery Manager.