Report to Audit Committee

Joint Report of the Head of Internal Audit and Director of Adult Social Care (DASS) on the 2022/23 Fundamental Financial Systems Audit Outcomes and Action Plan in respect of Direct Payments and Community Home Care

Portfolio Holders:	Councillor Abdul Jabbar MBE, Cabinet Member for Finance and Corporate Resources Cllr Barbara Brownridge, Cabinet Member for Health and Social Care
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Reason for Decision

4.4.2 The Audit Committee shall:
a) be responsible for oversight of the Council's Internal Audit arrangements and will;
(ii) review summary findings and the main issues arising from internal audit reports and seek assurance that management action has been taken where necessary;

This joint report is to advise Members of the Audit Committee of the outcome of the 2022/23 Fundamental Financial Systems (FFS) Audit Review of Direct Payments and Community Homecare and the agreed actions that the Adult Social Care Service are taking to address and take forward the recommendations made in that report.

This report will assist the Committee in discharging it's responsibilities as set out in the Audit Committee's Terms of Reference, which form part of the Council's Constitution alongside:

- progress reports on Q1 to Q4 for 2023/24 to be provided to the Committee; and,
- the Head of Audit and Counter Fraud's Annual Report and Opinion for the year 2023/24.

Executive Summary

The Community Health and Adults' Social Care Team directly manages two of the Council's financial systems. One of these systems is the Personal Budgets / Direct Payments system.

The Direct Payments and Community Home Care audit and has received an audit opinion of 'Inadequate' in each of the eight years from 2014/15 to 2021/22. In light of this our overall opinion for 2022/23 was subsequently downgraded to Weak.

This report sets out the agreed actions for the Adult Social Care Service to take forward to address the recommendations made in the latest 2022/23 FFS Audit Report.

Recommendations

Members are requested to:

1) Note the the outcome of the most recent 2022/23 Fundamental Financial Systems Audit Review of Direct Payments and Community Homecare
2) Approve the agreed actions for the Adult Social Care Serviice to take forward to address the recommendations made in that report.

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1.   **Background**

1.1   The Community Health & Adult Social Care (CHASC) Portfolio administers the Personal Budget and Community Homecare services for clients. The team allocates services to clients, visiting clients directly at their homes, and provides Personal Budgets to those clients who wish to retain greater control over their own affairs and who can procure services to assist in their own care needs.

1.2   The total budgeted gross expenditure for 2022/23 for Direct Payments and Community Homecare are included in the table below in alongside the actual 2022/23 outturn value:

2022/23	Budget £m	Outturn – Actuals £m	Overspend/ (Underspend) £m
Direct Payments	18,231	20,931	2,700
Direct Payment Recovery	(1,916)	(4,359)	(2,443)
Total Direct Payments	**16,315**	**16,572**	**257**
Community Homecare	11,981	13,137	1,156
COVID Homecare Packages	1,840	1,840	0
Total Homecare	**13,821**	**14,977**	**1,156**

1.3   The service has received an audit opinion of 'Inadequate' each year from 2014/15 to 2021/22. The current Director of Adult Social Care has been in post since mid- 2022.

2   2022/23 Audit Opinion

2.1   The latest 2022/23 FFS review of Direct Payments and Home Care found that systems and controls remained inadequate.

2.2   Six of the ten recommendation made in 2022/23 have been made in previous audit reports and remained outstanding. Four of these recommendations are high priority recommendations, and two are medium priority.

2.3   As noted at 1.3 above, the service received an audit opinion of 'Inadequate' in each of the eight years from 2014/15 to 2021/22. Our overall opinion for 2022/23 was, therefore, subsequently downgraded to **Weak**.

2.4   The ten recommendations made in 2022/23, and Management's reported progress to date to address these recommendations, are set out in the Action Plan in **Appendix 1.**

3   2022/23 Adult Social Care (ASC) Response

3.1   Significant work has been undertaken by Adult Social Care to respond to the historic system challenges since the audit. There has been joint working between Adult Social Care & Audit to offer support and constructive guidance. The impact of the work undertaken can be reviewed in the action plan. The programme of work is undertaken programmed to run continuously throughout the year, to highlight challenges in the system and a system response to remedy this

3.2   To fully address the auditing recommendations, in October 2022 the service undertook an exercise to restructure and repurpose its portfolios. The restructure of the service aligned the brokerage service within the commissioning portfolio, re-aligned the Client Finance Service and created a portfolio of Reform and Improvement.

3.3   Since July 2022, the service has devised a complete system transformation and improvement plan, aligned to Adult Social Care improvement which is expected to support the service to become more efficient and effective in managing demand and meeting the needs of vulnerable residents, who have been assessed as having care and support needs, in accordance with statutory responsibilities **Appendix 2**. In addition, the service has devised a new target operating model **Appendix 3**.

3.4   The directorate continues to review its brokerage service, which is responsible for overseeing cashflow and that timely payments are made to providers. This has seen the realignment of CHC recharges to be managed within Brokerage to enable a more streamlined approach, reducing handovers and minimising delays.

3.5   The service is also undertaking a redesign of the Mosaic system, ensuring workflows between frontline operational staff and the Brokerage and Client Finance teams are aligned.

4   ASC Workforce Challenges

4.1   It should be recognised the ASC Directorate are currently experiencing significant workforce challenges, which are reflected locally, regionally, and nationally. This has impacted the Directorate's ability to respond in a timely way to competing priorities and demands. To respond to the audit recommendations, a working group has been established which programmes and oversees the recommendations, alongside improvement work.

4.2   This risk is being mitigated with increased HR support to the service, to support the development of a workforce strategy to promote retention, recruitment, and staff well-being.

5   Options/Alternatives

5.1   The Audit Committee can either choose to accept and note the contents of this report or choose to not do so and suggest an alternative approach.

6   Preferred Option

6.1   The preferred option is that the Audit Committee accepts and notes the Report.

7   Consultation

7.1   N/A.

8   Financial Implications

8.1   N/A.

9   Legal Services Comments

9.1   N/A.

10   Cooperative Agenda

10.1   N/A.

11   Human Resources Comments

11.1   N/A.

12   Risk Assessments

12.1   N/A

13   IT Implications

13.1   N/A.

14   Property Implications

14.1   N/A.

15   Procurement Implications

15.1   N/A.

16   Environmental and Health & Safety Implications

16.1   N/A.

17   Equity, Community Cohesion and Crime Implication

17.1   N/A.

18   Equality Impact Assessment Completed

18.1   No.

19   Forward Plan Reference

19.1   N/A.

20   Key Decision

20.1   No.

21   Background Papers

21.1   The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background papers are included as Appendices 1, 2, 3, 4 & 5
Officer Names: John Miller & Hayley Eccles

22   Appendices

22.1   The following Appendices are available to support this Report:

- **Appendix 1:** 2022/23 Direct Payments and Community Home Care FFS Review Action Plan
- **Appendix 2:** Adult Social Care Transformation and Improvement plan.
- **Appendix 3:** The Adult Social Care Target Operating Model.
- **Appendix 4:** Case Closure Checklist.
- **Appendix 5:** FFS Monitoring Arrangements and Data.

2022/23 Direct Payments and Community Home Care FFS Review Action Plan

High Priority	- Significant risk to the Council or Service, the recommendation is essential for sound or effective control.
Medium Priority	- Moderate risk to the Service it is important that the recommendation is completed
Low Priority	- Small risk to the Service it would improve control if the recommendation were to be completed.

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date	Update- December 2023	Monitoring
1	**Workflow** The service should continue in the implementation of their recovery plan to address outstanding workflow requirements. **Brought forward from previous audit reports.**	High	The service is undertaking a phased implementation approach to a Transformation Programme (Target Operating Model). This will help assist in the efficiency of the workflow requirements.	Assistant Director of Commissioning and Market Management	Actions complete Ongoing monitoring will be scrutinized at BAU	Training has been completed on the correct process for progressing, closing, and transferring cases. This includes ensuring appropriate actions are completed for open workflows. Sessions were completed by the brokerage team and were mandated for operational staff. The sessions were completed on 2nd & 7th November 23. A checklist has been implemented to support the closure of cases. Reporting has been improved to monitor the position with open workflows an. The Mosaic Health Check and the ongoing system review have identified actions that can be taken to mitigate the risk of workflow steps not being completed. This will improve data quality and reporting. Changes will be implemented as the SBA process is rolled out.	
2	**Statutory Annual Care Review** Strategy and Performance reports	High	The Service has commenced a review of the client records where a care review is shown as overdue.	Assistant Director of Operations	Previous Actions completed. Annual review status will	Monthly meetings with GM ADASS to review the current position with all LA and learning shared to improve practice.	

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date	Update- December 2023	Monitoring
	should be used to highlight service users who are overdue an annual care review. The service should utilise the benchmarking information available in comparison to other Northwest region authorities to identify where Oldham would appear to perform less well than neighbouring Councils. Where areas for improvement are identified because of benchmarking, the service should approach and liaise with better performing Council to identify any improvements which may be made. **Brought forward from previous years.**		This has revealed that a number of these records are incorrect and that the review date recorded on our systems is inaccurate due to staff having re-assessed clients prior to their recorded review date but not having updated the next annual review date. The Service will look to resolve these data issues to provide a more accurate reflection of the work done. The Service is in the process of conducting a review of its data across the board to standardise the usage and reporting from the system. The Service liaises monthly with colleagues across the Northwest ADASS (Association of Directors of Adult Social Services) The CQC (Care Quality Commission) Peer		continue to be monitored and reported monthly.	A commissioned team of agency workers through REED were appointed in August 2023 and have so far completed approximately 450 reviews/re-assessments Managers reports have been implemented to support managers in monitoring team performance. The review workflow will be simplified and streamlined as part of the Mosaic redesign.	

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date	Update- December 2023	Monitoring
			Review recognised the challenges presented by the Mosaic system and the current adult social care climate. In comparison with other Local Authorities with the same demographics Oldham is within the average bracket for performance in this area. The service currently has a total of 57 vacancies. The service expects the ongoing data review to reflect this in its performance going forward. The Service also expects the ongoing Transformation Programme to improve efficiencies and performance. Additionally, further, to pending approval at Cabinet of the Mosaic system contract, a full system health check will be completed with the provider to				

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			address workflow & process issues.				
3	**Notice to Close** Income and Payments team should be informed promptly of a death, or other circumstances resulting in a "Notice to Close" to correctly pay the provider and stop invoices in respect of client's contributions. **Brought forward from 2020/21**	High	The Service has reminded staff to ensure that the NTC process is adhered to. Communications were sent to staff 30th May 2022 and 30th May 2023. The Service will continue to remind staff of this requirement and monitor progress in this area. The Service is also undertaking ongoing quality assurance checks on closed cases to give feedback to the practitioner and manager on any areas of improvement required.	Assistant Director of Operations	Completed	Communications have been sent to staff on 30 May 2023 and a checklist has been implemented for the closure of cases. Reports are monitored monthly to ensure that required actions are being completed in a timely manner and to monitor the number of episodes open. As part of the Mosaic redesign consideration is being given to mandating parts of the process to ensure that appropriate next actions are selected, and work flows through to the brokerage team. When the data was checked in December 2023 there were no 'Notice to Close' episodes waiting to be completed by the Brokerage team.	See Appendix 5: FFS Audit Monitoring Arrangements and Data
4	**Duplicate Records** A training reminder for staff is required to ensure that a record does not already exist for a client before setting up a new one.	Medium	Completed. Communications issued to staff in February 2022 and again in February 2023. This will also be picked up via	Assistant Director of Operations	Completed	Communications were issued to staff in February 2023 on the process to follow when creating a new record. Monthly reporting is in place to monitor the number of duplicate records and allow corrective actions	See Appendix 5: FFS Audit Monitoring Arrangements and Data

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date	Update- December 2023	Monitoring
	Brought forward from previous years.		regular reporting in this area.			to be completed. The number of duplicate records now stands at 5.	
5	**Direct Payment Audit Invoices** Invoices to recover overpaid funds to be issued by the D.P. Audit Team and not to be duplicated by other teams. **New recommendation 2022/23**	Medium	Agreed. The Service will ensure this does not happen again.	Assistant Director of Operations	Completed	Invoices for the recovery of funds are being raised by the Direct Payment Audit team with invoices for unpaid client contributions being worked flowed through to the brokerage team for raising. The allocated REED team have carried out reviews/re-assessments for those where a claw back was required. Further plans being agreed to improve joined up approach with audit team.	
6	**Unallocated Service Users** All service users should be allocated to a Team. The service should review the report produced by the Performance Team and ensure unallocated service users are allocated promptly.	High	The Service will review the users identified and ensure that where a team is required then the user will be allocated appropriately.	Assistant Director of Operations	Actions complete. Once the remaining 257 cases have been actioned, this will be monitored at BAU.	Monthly monitoring is in place and a programme of data cleansing activity is being completed. Communication has been issued to the teams in November 2023 regarding the recording of allocated teams. The number of cases with no allocated team has been reduced by 2/3's and this activity will have been completed by mid-January. The number of unallocated cases as of 2 January is 257.	See Appendix 5: FFS Audit Monitoring Arrangements and Data

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date	Update- December 2023	Monitoring
	New recommendation 2022/23						
7	**Client Contributions** Invoices to clients for their contribution cease, in a timely manner, when payments to the care provider end. **New recommendation 2022/23**	Medium	Agreed. This will be picked up as part of the case closure audits implemented during 2023 in preparation for the Council's anticipated CQC review.	Assistant Director of Commissioning and Market Management	completed	A case closure checklist has been implemented and monthly monitoring of notice to close episodes is in place.	
8	**CHC (Continuing Health Care) Income** Amounts invoiced to ICB (Integrated Care Boards) for jointly funded cases should reflect the agreed split of funding. Amounts invoiced should be adjusted when costs change and in the event of back dated adjustments to the care provider.	High	Agreed. The Service has a weekly "High Cost" Panel which is jointly chaired with the ICB which reviews jointly funded cases. The Service will look to develop a feedback and review mechanism to ensure that invoices to the ICB accurately reflect the costs of care.	Assistant Director of Commissioning and Market Management	Previous actions met. Ongoing actions to be reviewed again March 24	Weekly meetings are in place with ICB colleagues to work through queries. Reconciliation activity is being completed ahead of the CHC recharge process transferring to the brokerage team in January 2024.This has significantly reduced the number of historic queries outstanding and has resulted in the ICB being correctly recharged where applicable. This will now lead to a smooth transition for the Brokerage Team to continue working collaboratively with ICB colleagues.	

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	New recommendation 2022/23						
9	**Incomplete Forms** Purchase Request forms should be fully completed on the Mosaic system. **Brought forward from 2020/2021**	Medium	Agreed.	Assistant Director of Commissioning and Market Management	Completed. Ongoing progression and monitoring will take place at BAU	A Case closure checklist has been implemented and the brokerage team have completed training sessions with operational teams on the correct processes to follow on 2nd & 7th November. Reports are in place for incomplete episodes on Mosaic which are reviewed monthly. As part of the redesign process changes will be made to make workflow processes more streamlined and improve reporting on incomplete forms and episodes. The changes will go live as the SBA process is rolled out; implementation plans are currently under development.	
10	**Proposed ASC Debt Recovery Process** The action plan to address outstanding debt presented to DMT in July 2021 should be progressed. **Brought forward from previous years.**	High	The Service meets regularly with the Officers involved with the Council's overall Debt Recovery / Income Maximization initiatives to progress this issue.	Assistant Director of Operations	12/07/2023	Ongoing joint work is being progressed with Debt recovery to manage ASC debt. Work is underway with the transformation team to map areas for improvement and will form part of discussions in January. A report was taken to DMT in December and follow up meetings	See Appendix 5: FFS Audit Monitoring Arrangements and Data

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date	Update- December 2023	Monitoring
						are being arranged for January 2024.	

Appendix 2 - ASC Improvement Plan

Appendix 3 - ASC Target Operating Model (TOM)

Appendix 4 - Case Closure Checklist

Appendix 5 - FFS Monitoring Arrangements and Data