

Report to Audit Committee

Joint Report of the Head of Internal Audit and Director of Adult Social Care (DASS) on the 2023/24 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 update Members of the Audit Committee on the outcome of the 2023/24 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 its responsibilities as set out in the Audit Committee's Terms of Reference

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 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.

The audit report for the subsequent year noted some progress in addressing the recommendations made during 2022/23, and the audit opinion for the latest year, 2023/24, was upgraded from Weak to Inadequate.

At the Audit Committee meeting of 27 June 2024. Members requested a further update report at the November meeting of the Committee.

This report sets out the agreed actions for the Adult Social Care Service to take forward to address the recommendations made in the latest 2023/24 FFS Audit Report.

Recommendations

Members are requested to consider the outcome of the most recent 2023/24 Fundamental Financial Systems Audit Review of Direct Payments and Community Homecare.

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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 table below shows the budget and costs by account code over the last three years. This table does not represent the costs for the whole of adult social care. It is an extract of the costs of Direct Payments and Community Homecare only.

Direct Payments – PA Support	2021/2022	2022/2023	2023/2024
	£m	£m	£m
Budget	15,976	18,231	20,949
Actual cost	19,844	20,931	21,620
(Overspend)	(3,868)	(2,700)	(671)
Independent Home Care	2021/2022	2022/2023	2023/2024
	£m	£m	£m
Budget	10,337	11,981	16,735
Actual cost	13,236	14,977	19,759
(Overspend)	(2,899)	(2,996)	(3,024)

1.3 The Direct Payments and Community Home Care audit 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.

1.4 The audit report for the subsequent year noted some progress in addressing the recommendations made during 2022/23, and the audit opinion for the latest year, 2023/24, was upgraded from Weak to Inadequate.

1.5 At the Audit Committee meeting of 27 June 2024. Members requested a further update report at the November meeting of the Committee. This report sets out the agreed actions for the Adult Social Care Service to take forward to address the recommendations made in the latest 2023/24 FFS Audit Report.

2 2023/24 Audit Opinion

2.1 During 2023/24 the service continued to face significant challenges, as is the case nationally in social care. Five of the ten recommendation we made in 2023/24 have been made in previous audit reports. Four of these recommendations made previously are high priority recommendations.

- 2.2 During 2023/24 the service took positive steps in establishing ongoing monitoring and reporting processes to track progress in relation to the implementation of the audit recommendations as part of its wider efforts to move to a new Target Operating Model, and by completing three of the nine recommendations made in 2022/23.
- 2.3 Perhaps most pleasing to see during our 2023/24 review was the improvement in the Council's comparative performance in completion of Annual Care Reviews. The data for Q3 2023/24 saw Oldham move from below average to above average performance in this measure. The Council, however, remained below average at that time in respect of reviews over 2 years overdue. However, with improvements evident in both KPIs, the data for Q3 2023/24 was encouraging.
- 2.4 In recognition of the Service's direction of travel, the audit opinion for 2023/24 was revised upwards to "Inadequate", with the expectation that the Service will continue to prioritise the implementation of the controls necessary to address the recommendations in this 2023/24 report.
- 2.5 The ten recommendations made in 2023/24, 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:** 2023/24 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.

2023/24 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
1	<p><u>Workflow / capacity</u></p> <p>The service should continue in the implementation of their recovery plan in order to address outstanding workflow requirements.</p> <p>Brought forward from previous audit reports.</p>	High	<p>All open ASC cases will have at least one open workflow for a planned review. Cases may have more than one open workflow for example where safeguarding, DoLS, financial activity is taking place. There are currently 3,377 open ASC cases, therefore as a minimum we should have an equivalent number of workflows.</p> <p>Cleansing activity is planned to review and close down historical workflows ensuring necessary actions are undertaken. Analysis of historical workflows identified specific training issues with Mental Health teams and support sessions have been put in place with the Business and Systems Change Lead spending time at Forest House and Maple House.</p>	Charlotte Walker (Assistant Director- Reform & Improvement) ASC &	30 September 2024
2	<p><u>Workflow items</u></p> <p>Each Team or Cluster Manager should review and clear or action the oldest items in workflow as a priority.</p>	High	<p>Cleansing activity is planned to review open workflows and close down historical workflows ensuring necessary actions are undertaken. Sessions are being completed with teams initially Mental Health and</p>	Charlotte Walker (Assistant Director- Reform & Improvement) ASC &	30 September 2024

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
	New recommendation 2023/24.		LD&A to support staff to complete open workflows. A Data Quality group has been established with the first meeting planned for September with representatives from across the service.		
3	<p><u>Statutory Annual Care Review</u></p> <p>Strategy and Performance reports should be used to highlight service users who are overdue an annual care review.</p> <p>The service should utilise the benchmarking information available in comparison to other North West region authorities to identify where Oldham would appear to perform relatively less well than neighbouring Council's.</p> <p>Where areas for improvement are identified as a result of benchmarking, the service should approach and liaise with better performing Council's in order to identify any improvements which may be made.</p> <p>Brought forward from previous years.</p>	High	<p>The position is regularly reported on and monitored in terms of our benchmarking our position locally and in comparison, with other GM authorities. The current number of cases awaiting review is 1,114. The ADASS dashboard information which provides benchmarking data informs ongoing discussions in terms of how other L.A.'s operate. These are discussed at NW ADASS meetings and GM meetings attended by Assistant Directors.</p> <p>Capacity issues, particularly with PCFT Mental Health teams being in Business Continuity, have an impact on the number of reviews that can be completed. Cases are assessed using a risk management tool to prioritise activity.</p> <p>The proposed restructuring of operational teams will see the allocation of dedicated resources for review completion and will have a positive impact on completed reviews.</p>	Hayley Eccles (Assistant Director of Operations)	30 September 2024

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
4	<p><u>Back dated adjustments</u></p> <p>Payments for care packages should be put in place at the inception of any care agreements and not allowed to go for many months without the payment being paid.</p> <p>New recommendation 2023/24.</p>	High	<p>Many of the backdated payments being made are for residential placements where no workflow has been received to inform Brokerage that a payment is needed.</p> <p>Communications have been shared with all residential and nursing homes with a template for them to complete with what outstanding payments they are waiting to be paid.</p> <p>These are being collated and compared against workflows received by Brokerage. It's been agreed for a full day meeting to be put in place with operational management, social workers and brokerage staff to complete all the necessary actions within the meeting to enable all appropriate payments to be agreed and approved. These will all then be paid on the next payment cycle.</p> <p>Mandatory Mosaic training for all ASC staff is being developed and will be rolled out to improve the quality of workflows completed by all staff.</p> <p>Two weekly provider payment meetings are already in place for residential placements where brokerage and operational staff look</p>	Hayley Eccles (Assistant Director of Operations)	30 September 2024

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
			<p>at requests for payments. These are now being expanded to include home care, non-commissioned providers, direct payments and supported accommodation payments.</p> <p>In addition, a clinic has been created for brokerage staff to support staff within the Learning Disability service to complete and learn how to complete workflows, especially for the more complex packages. (Assistant Director of Joint Commissioning - H.R.)</p> <p>A new process is being developed by CF/Brokerage to prevent the need for back payments where there is a change in self-funder status as this is a common cause of back dated payments.</p>		
5	<p><u>Credit Notes</u></p> <p>The description on all credit notes raised should have clear information on it to point out what period it is for and how it has been calculated.</p> <p>In order that the reader of the credit note can understand what is being adjusted – the description of “Credit raised as FA reviewed” is not sufficient to understand why the credit note is required or how the amount of the correction has been arrived at.</p>	Low	<p>Client Finance and Brokerage staff have been reminded in writing and verbally to add context and date periods to all credit notes. Process maps will be provided as part of the induction for new staff and can be used as a refresher for existing staff.</p> <p>We are liaising with colleagues from finance to explore if reports are available to support the monitoring of credit note description, otherwise spot checks will be undertaken.</p>	Claire Hooley (Assistant Director of Commissioning and Market Management)	30 September 2024

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
	Initially raised in 2021/22 and was subsequently signed off as completed.		Initial feedback from Credit Control has been positive.		
6	<p><u>Unallocated Service Users</u></p> <p>All service users should be allocated to a team. The service should review the report produced by Performance Team and ensure unallocated service users are allocated promptly.</p> <p>All service users who are still allocated to Age UK should also be reallocated to an appropriate team.</p> <p>Brought forward from 2022/23.</p>	High	Cases with no team recorded have been allocated to members of the Business Strategy Team to update. These have been reduced to 28 and the position is monitored on a monthly basis and required actions taken. Communication will be issued to teams with guidance on how to check and update allocated team.	Charlotte Walker (Assistant Director- ASC Reform & Improvement) Hayley Eccles (Assistant Director of Operations)	30 September 2024
7	<p><u>Data Quality – Age UK</u></p> <p>All clients still allocated to Age UK should be updated to the correct Team. All clients still being incorrectly coded to Covid 19 codes should be corrected on the Mosaic PSR.</p> <p>New recommendation 2023/24.</p>	Medium	<p>Cases have been reallocated as appropriate with no cases now open to Age UK.</p> <p>All cases that had a Covid 19 PSR have been corrected.</p>	Charlotte Walker (Assistant Director- ASC Reform & Improvement)	Completed
8	<p><u>Client contribution review</u></p> <p>A full review to be carried out to compare the amounts on Financial Assessments to the amounts being invoiced to the client.</p> <p>Management to ensure that staff signing off the workflow step to amend the client contribution have actually made the amendment.</p>	Medium	Client contribution workflow now being monitored on Client Finance liveboard. This includes a timeframe to be adhered to by staff, to ensure all contributions are correct in a timely manner. In addition, process being developed to ensure that at the point of any change to client contribution all relevant parties are	Claire Hooley (Assistant Director of Commissioning and Market Management)	30 September 2024

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
	<p>New recommendation 2023/24.</p>		<p>involved (Brokerage, Ops, Provider, Relative/Client)</p> <p>From the 5 August the Client Finance team and function has moved to Corporate Services, under the responsibility of Julie Smethurst as Assistant Director for Revenues and Benefits.</p>		
9	<p><u>Client Contributions</u></p> <p>Invoices to clients for their contribution should be issued in a timely manner, in accordance with the best practice policy.</p> <p>New recommendation 2023/24.</p>	Medium	<p>Client contribution workflow now being monitored on Client Finance liveboard. This includes a a timeframe to be adhered to by staff to ensure all contributions are correct in a timely manner. In addition, process being developed to ensure that at the point of any change to client contribution all relevant parties are involved (Brokerage, Ops, Provider, Relative/Client)</p> <p>From the 5 August the Client Finance team and function has moved to Corporate Services, under the responsibility of Julie Smethurst as Assistant Director for Revenues and Benefits.</p>	Claire Hooley (Assistant Director of Commissioning and Market Management)	30 September 2024
10	<p><u>CHC Income</u></p> <p>Amounts invoiced to ICB for joint 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.</p>	High	<p>CHC income is now workflowed to the brokerage team and activity to recharge the ICB for joint funded packages will be undertaken as services are purchased. This make the process more efficient as it reduces the handovers between teams and means that adjustments</p>	Claire Hooley (Assistant Director of Commissioning and Market Management)	30 September 2024

No	Recommendation	Priority	Management Comments	Responsibility	Implementation Date
	Brought forward from 2022/23.		to recharges can be made as part of the fee uplift process that is managed by the Brokerage team. This will stop workflows moving between different teams/staff.		