

Standards & Audit Committee

Internal Audit Progress Report 2015/16

Date of Committee: 24th September 2015

Introduction

The draft internal audit plan for 2015/16 was presented to the Standards & Audit Committee on 16th July 2015. This report provides the first update on progress against that plan.

Table showing Reports issued as Final, Draft Reports issued to Client and Work in Progress

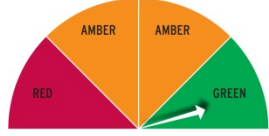
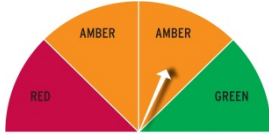
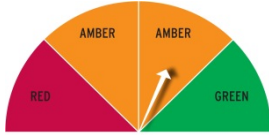
Assignment	Status	Opinion	Actions Agreed (by priority)		
			High	Medium	Low
Audits to address specific risks					
Direct Payments (Adults)	Final	Amber/Red	1	2	1
Direct Payments (Children)	Final	Amber/Red	2	2	0
Education Transport	Final	Green	0	0	1
Horndon-on-the-Hill Primary School	Final	Amber/Green	0	2	4
Orsett C of E Primary School	Final	Amber/Green	0	3	4
Somers Heath Primary School	Final	Amber/Green	0	3	2
Supported Living (Contract Review)	Final	Amber/Red	1	3	1
Warren Primary School	Final	Green	0	1	2
Fostering	Draft with Client	N/A	N/A	N/A	N/A
Children's Centres	Draft with Client	N/A	N/A	N/A	N/A
Street Lighting	Draft with Client	N/A	N/A	N/A	N/A
Special Guardianship	Work in Progress	N/A	N/A	N/A	N/A
School Condition Funding	Work in Progress	N/A	N/A	N/A	N/A
Procurement Cards	Work in Progress	N/A	N/A	N/A	N/A
Register of Interests, Gifts & Hospitality	Work in Progress	N/A	N/A	N/A	N/A
Safeguarding of Assets (Appointeeship and Deputyship)	Work in Progress	N/A	N/A	N/A	N/A
Insurance	Work in Progress	N/A	N/A	N/A	N/A
Procurement in Schools	Work in Progress	N/A	N/A	N/A	N/A
Spend under £75K	Work in Progress	N/A	N/A	N/A	N/A
Core Assurance					
Housing Benefits	Final	Green	0	0	5

The reports on Direct Payments (Adults), Direct Payments (Children) and Supported Living (Contract Review) received an Amber/Red assurance opinion and have been included in more detail at the end of this progress report.

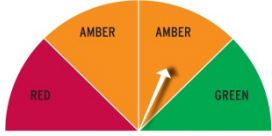
The Internal Audit Service has also been supporting the Corporate Fraud & Investigation Directorate on two on-going investigations and the National Fraud Initiative.

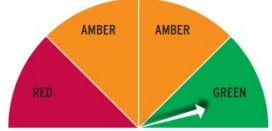
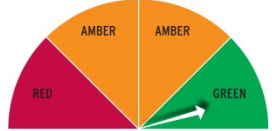
In addition, the Internal Audit manager is also leading on the transfer of the Corporate Finance Department to an Electronic Document and Records Management System which will result in more effective and efficient working practices and a reduction in the costs of storing documents at off-site locations. Training on the new system is due to commence in September 2015.

Key Findings from Internal Audit Work

Assignment: Education Transport	Opinion: Green	
<p>Headline Findings: Our review of Education Transport did not identify any areas of concern around the design and adequacy of the control framework. The review focussed on the policies, procedures, assessments, applications and budgets for denominational and post 16 education transport following the agreement of Cabinet on 19th March 2014, to the introduction of a three tier charging regime based upon a discounted rate. This was introduced from September 2014. The aim of the new scheme was to generate savings, whilst supporting lower income families through the introduction of an Exceptional Circumstances Policy.</p>		
Assignment: Horndon-on-the-Hill Primary School	Opinion: Amber/Green	
<p>Headline Findings: Our review of Horndon-on-the-Hill Primary School identified 2 medium and 4 low recommendations around the adequacy of the control framework. 4 of the 6 recommendations from the previous review had been implemented. Those recommendations remaining outstanding have been repeated within this review.</p>		
Action and Response	Responsible Officer	Date
<p>Action - The school should obtain evidence that the adults providing the Brownies and Football Club lettings have obtained the relevant DBS clearance and record the number as evidence that they have checked.</p> <p>Response – Agreed.</p>	Primary School Manager	September 2015
<p>Action - Letters need to be sent out to parents as soon as they start to get in arrears on paying their child’s dinner money. If necessary, when the arrears reach £10, the parents should be asked to supply sandwiches until the debt is repaid. This will reduce the likelihood of arrears escalating further.</p> <p>Response - Agreed.</p>	Headteacher Admin Assistant	September 2015
Assignment: Orsett C of E Primary School	Opinion: Amber/Green	
<p>Headline Findings: Our review of Orsett C of E Primary School identified 3 medium and 4 low recommendations around the adequacy of the control framework. 3 of the 5 recommendations from the previous review had been implemented. Those recommendations remaining outstanding have been repeated within this review.</p>		
Action and Response	Responsible Officer	Date
<p>Action - To ensure appropriate authorisation of expenditure is taking place, all items must be supported by an official authorised order before the</p>	Headteacher	September 2015

purchase is made This will ensure management reports are kept up to date and accurately reflect the school's financial position. Response - Staff will be informed to make sure the office is aware of items being ordered.		
Action - Cross checks must be made between the contract drawn up by EPM and the payroll reports to ensure that the Council are paying the correct salary. Response - Agreed.	Bursar/Headteacher	September 2015
Action - All staff working extra hours must complete an additional duties claim form stating the number of hours worked, signed by the claimant and authorised by the Headteacher. Claims must not be submitted to payroll until the Bursar receives the fully completed additional duties form. Response – Agreed.	Bursar/Headteacher	September 2015

Assignment: Somers Heath Primary School	Opinion: Amber/Green	
Headline Findings: Our review of Somers Heath Primary School identified 3 medium and 2 low recommendations around the adequacy of the control framework. 7 of the 9 recommendations from the previous review had been implemented. Those recommendations remaining outstanding have been repeated within this review.		
Action and Response	Responsible Officer	Date
Action - All Purchase Orders raised must be authorised. Where they exceed £5k, they must be signed by the Chair of Finance in addition to the school's signatory, as per the school's financial regulations. To ensure appropriate authorisation of expenditure is taking place, all items must be supported by an official authorised order before the purchase is made This will ensure management reports are kept up to date and accurately reflect the school's financial position. Response - Agreed.	Bursar Headteacher	Implemented immediately
Action - Members of staff claiming overtime or extra hours, should complete an overtime claim form and sign, before handing to the Deputy Head for authorisation. This ensures there is an audit trail to support payments. Response - Agreed.	Deputy Head Bursar	September 2015
Action - All personnel files must include a signed letter of appointment; evidence of appropriate qualifications and two references. This provides evidence that all relevant HR procedures have been followed and complied with. Response – Agreed.	Headteacher Bursar	September 2015

Assignment: Warren Primary School	Opinion: Green	
<p>Headline Findings: Our review of Warren Primary School identified 1 medium and 2 low recommendations around the adequacy of the control framework. 4 of the 5 recommendations from the previous review had been implemented. The recommendation remaining outstanding has been repeated within this review.</p>		
Action and Response	Responsible Officer	Date
<p>Action - All Purchase Orders raised which are in excess of £5k must be signed by the Chair of Finance in addition to the Headteacher's signature as per the school's financial regulations. To ensure appropriate authorisation of expenditure is taking place, all items must be supported by an official authorised order before the purchase is made This will ensure management reports are kept up to date and accurately reflect the school's financial position.</p> <p>Response - Agreed.</p>	Headteacher Business Manager	Implemented immediately
Assignment: Housing Benefits	Opinion: Green	
<p>Headline Findings: Our review of Housing Benefits did not identify any areas of concern around the design and adequacy of the control framework. The objective of the review was to ensure accurate and timely processing and payment of Housing Benefits to eligible claimants, and covered policies and procedures, staff training, supporting evidence, key performance indicators, accuracy, overpayments, authorisation of payment runs, write-offs, claims monitoring, fraud management, system reconciliation, statutory returns and management reporting and review. There were 5 low recommendations. 4 of the 6 recommendations from the previous review had been implemented. The recommendations remaining outstanding have been repeated within this review.</p>		

1 Executive Summary

1.1 INTRODUCTION

An audit of Direct Payments was undertaken as part of the approved internal audit periodic plan for 2015/16

Direct Payments are payments made by councils directly to individuals who have been assessed as having eligible needs for certain services. Subject to a few exceptions, councils must offer people who qualify for services the option of having a direct payment if they are eligible. Direct Payments are one way in which people can direct their own support by purchasing the assistance or services that the council would otherwise provide.

All service users undergo a means tested assessment to establish if they can contribute towards the cost of their care. The Council issue payment to the Service Users every 28 days in advance, with the assessed client contribution taken from this. The Service Users are responsible for paying any invoices from care suppliers and accounting to the Council for any money spent.

In 2014-15 the number of people in receipt of Direct Payments was 460, an increase of 220 (48%) since the last audit in February 2011. The total amount paid in 2014-15 was £3,599,557, an average of £7825 for each adult. The money returned which was unspent by the clients amounted to approximately £258,000.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	Direct Payments are managed effectively as per legislation and Council guidance.
Risk	<p>The approval and authorisation of Direct Payments for new clients and amendments for existing clients may not be valid, accurate and current.</p> <p>The calculation and disbursement of Direct Payments may not be carried out accurately.</p> <p>Financial reviews may not be carried out regularly.</p> <p>Client's care needs may not be reviewed.</p>

1.2 SCOPE OF THE REVIEW

To provide an overall opinion on the control framework and risk management arrangements within the area under review by evaluating the extent to which controls have been applied. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls to be reviewed and limitations to the scope of the work were agreed during the audit planning process:

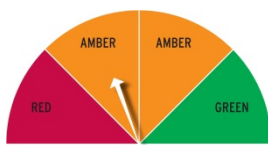
Control activities to be tested:

- Approval and authorisation processes, calculations, payments, financial and care assessment reviews.

Limitations to the scope of the audit:

- Testing will be sample based and therefore any findings will be based on this sample. This review was limited to Adults' Direct Payments. Children's payments were covered as a separate review.
- In addition, our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.3 CONCLUSION

Taking account of the issues identified, whilst Thurrock Council can take some assurance that the controls upon which it relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Overall Effectiveness and Design of control framework

- Overall, there appeared to be a lack of documentation to support all of the Direct Payments being made to the clients as some Agreements were not up to date and changes in commissioning could not be verified. Also, some of the files could not be easily found.
- Financial Assessments were not always reviewed annually as per agreement.
- The Council did not provide Direct Payment to service users who had debts owing to the Council.

Application of and compliance with control framework

- Checks were carried out to ensure the client's closing bank balance was within the 8 weeks tolerance required by the Policy and any excess funds were requested back.
- Social Workers were informed where it is identified that Direct Payments had not been used appropriately.
- Cases referred to Social Workers were dealt with promptly. However, they did not always carry out annual reviews as per the Direct Payment Agreement.
- Requests to clients for further information/refunds were not always followed up promptly.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
The approval and authorisation of Direct Payments for new clients and amendments for existing clients may not be valid, accurate and current.	0	0	1
The calculation and disbursement of Direct Payments may not be carried out accurately.	1	0	0
Financial reviews may not be carried out regularly.	0	1	0
Client's care needs may not be reviewed.	0	1	0
Total	1	2	1

2 Action Plan

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are used to highlight good practice or provide management with ideas or suggestions that they may wish to implement. Suggestions do not appear in the Action Plan and do not impact on our overall opinion.

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
1.1	It is recommended that a signed Direct Payment agreement is retained on every file. This evidences that the client has read and understands all of their responsibilities under the agreement.	Low	Y	Introduction of open objective – This will highlight the issue moving forward and should prevent error and gain control. – We would need to ascertain which ones don't have an agreement in place, In progress a meeting is arranged with BIDS to see if a report can be run off with all Direct Payment Users we will then check each file to see if the correct agreement is in place.	Ongoing	Direct Payments Officer
2.1	Social Workers should submit a new Direct Payment Agreement to the DP Officer any time there are	High	Y	The customer journey practice manual has been updated and all staff reminded to update any DP	End June 15	Senior Performance & Information

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
	changes to commissioning. This ensures there is an audit trail to confirm increases or reductions in the level of care, and consequently, the payments made.			agreement after any change Again this will be discussed in the meeting with BIDS to ensure all changes are recorded.		Manager
3.1	Financial Assessments should be reviewed annually in line with the Direct Payment Agreement as changes in clients' circumstances could mean they are eligible to contribute more, or less, towards the cost of their care.	Medium	Y	Reports for reviews are run every month these are controls that mitigate these oversights. The reports are Assessment within or outside last 12 months, clients pending review, clients movement & clients pending financial assessment. Clearly there is an issue with the reports themselves which we will investigate The task to check the reports has been allocated. We are in the process of going through all the assessments to identify those outside the 12 month period. A report has been run which has been passed to several members in the team this should now be well underway. I am in the process of comparing the reports run to manual samples of review dates to narrow the issue before logging this via BIDS/ContrOCC as it will minimise cost.	Ongoing	Interim Customer Finance Manager

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
4.1	Steps should be taken to ensure all Direct Payments are reviewed annually as stated in the Direct Payments Agreement. Failure to do so could result in clients' changing needs not being identified and met and as a consequence, the Council over or under paying for the care actually needed.	Medium	Y	Customer journey practice manual to be updated and all staff advised of new approach to reviews which includes decision that DP reviews to always be reviewed at least annually. We will monitor compliance as part of reviews performance management process.	End of July 15	Fieldwork Services Manager

1 Executive Summary

1.1 INTRODUCTION

An audit of Direct Payments (Children) was undertaken as part of the approved internal audit periodic plan for 2015-16.

Direct Payments are cash payments made to people who have been assessed and are eligible to receive services for their disabled child from Thurrock Council. Direct Payments can be used very flexibly to meet the child's assessed needs - examples include employing someone to help parents look after their child, contracting with a care agency, day care, short breaks etc. The payment itself is made to adults with parental responsibility for a disabled child and they are accountable to the Council for the way in which the money is spent. They are required to indicate their understanding of their duties in relation to Direct Payments before they can begin to receive them and to account for all monies spent in the time frames agreed.

In 2014-15 the number of children in receipt of Direct Payments was 87 and the total amount paid was £505,373, an average of £5,809 for each child. The money returned which was unspent by the clients amounted to approximately £27,000.

The audit was designed to assess the controls in place to manage the following objectives and risks:

Objective	Direct Payments are managed effectively as per legislation and Council guidance.
Risk	<p>The approval and authorisation of Direct Payments for new clients and amendments for existing clients may not be valid, accurate and current.</p> <p>The calculation and disbursement of Direct Payments may not be carried out accurately.</p> <p>Financial reviews may not be carried out regularly.</p> <p>Client's care needs may not be reviewed.</p>

1.2 SCOPE OF THE REVIEW

To provide an overall opinion on the control framework and risk management arrangements within the area under review by evaluating the extent to which controls have been applied. Control activities are put in place to ensure that risks to the achievement of the organisation's objectives are managed effectively. When planning the audit, the following controls to be reviewed and limitations to the scope of the work were agreed during the audit planning process:

Control activities to be tested:

- Approval and authorisation processes, calculations, payments, financial and care assessment reviews.

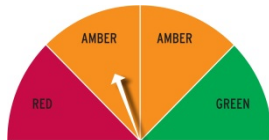
Limitations to the scope of the audit:

- Testing will be sample based and therefore any findings will be based on this sample. This review was limited to Children's Direct Payments. Adults are being covered as a separate review.

- In addition, our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

The approach taken for this audit was a Risk-Based Audit.

1.3 CONCLUSION



Taking account of the issues identified, whilst Thurrock Council can take some assurance that the controls upon which it relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Overall Effectiveness and Design of control framework

- Overall, there appeared to be a lack of documentation to support all of the Direct Payments being made to the clients i.e. not all Direct Payment Agreements on file, some authorised finance forms missing etc.
- There were a number of errors identified which resulted in some payments being incorrectly paid. In general, these were small amounts which could be reclaimed. However, in 1 case, involving 2 children in the same family, both of whom received a Direct Payment, the overpayment amounted to approximately £20,000.
- There is no reconciliation between payments made directly to the client and those made to Essex Coalition for Disabled People (ECDP) who manages the payment on behalf of the client. This resulted in a duplicate payment being made with both the client and ECDP receiving the payment. This overpayment has been reimbursed back to the Council.

Application of and compliance with control framework

- Checks are carried out to ensure the client's closing bank balance is within the 8 weeks tolerance required by the Policy and any excess funds are requested back.
- Social Workers are informed where it is identified that Direct Payments have not been used appropriately.
- Cases referred to Social Workers are dealt with promptly. However, they do not always carry out annual reviews as per the Direct Payment Agreement.
- Requests to clients for further information are not always followed up.
- Clients do not always use the dedicated bank account properly and do not always provide bank statements and/or receipts for cash payments.
- Mileage expenditure is being paid without claim forms being completed in respect of journey start and finish details.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

The recommendations address the risks within the scope of the audit as set out below:

Risk	Priority		
	High	Medium	Low
The approval and authorisation of Direct Payments for new clients and amendments for existing clients may not be valid, accurate and current.	0	1	0
The calculation and disbursement of Direct Payments may not be carried out accurately.	1	0	0
Financial reviews may not be carried out regularly.	0	1	0
Client's care needs may not be reviewed.	1	0	0
Total	2	2	0

There has been no previous audit review which only covered Children's Direct Payments. Previous reviews have tended to concentrate more on Adult Direct Payments but some of the recommendations relating to this report are similar to those raised for Adult's payments.

2 Action Plan

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	
Suggestion	These are used to highlight good practice or provide management with ideas or suggestions that they may wish to implement. Suggestions do not appear in the Action Plan and do not impact on our overall opinion.

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
1.1	It is recommended that a signed Direct Payment agreement is retained on every file. This evidences that the client has read and understands all of their responsibilities under the agreement.	Medium	Y	Will make sure moving forward that any forms are uploaded onto the Integrated Children's System (ICS).	Immediate	Team Manager
2.1	It is recommended that a finance form is completed for every client and is checked by the Team Manager to ensure the correct amount is being paid. When calculations for increases and one off payments are made, these	High	Y	The finance form should be checked by the children's team manager. Moving forward any alterations to paid amounts will not be accepted via email or any other form other than a new completed finance form.	Immediate	Children's Team Manager/ Direct Payment Finance Officer

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
	<p>should also be checked by the Team Manager. In addition, there should be a reconciliation process between those clients paid by the Council and those paid through ECDP to ensure there is no duplication of payments. These independent checking and reconciliation processes should reduce the likelihood of further errors occurring and ensure the correct payments are made.</p>			<p>Reconciliation between Council and ECDP accounts could prove difficult and result in further charges to the authority as it is unlikely that such requests have been factored into the existing contract. Additionally there could be data sharing issues relating to the payment of PA accounts that would need consideration. This may need further consultation with the contract manager.</p>		
3.1	<p>It is recommended that where there is not a clear trail of information/ evidence, including having proper and all bank statements, receipts where services are paid for in cash and sufficient details on mileage claimed, the DPO should follow up in a timely manner. Failure to comply should result in the withdrawal of payments until the correct procedures are followed. This will help to ensure money is spent appropriately in supporting the client.</p>	Medium	Y	<p>In principal this recommendation is sound however the report indicates a 43% increase since the last audit. Due to resources we only have 1 officer to perform all of these tasks and functions. This makes following up on cases and in depth investigations difficult and resource intensive. Additionally we must acknowledge that audit systems must not be viewed as overly burdensome to the</p>	Ongoing	Direct Payments Officer

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
				individual else we could face challenges in the authority. We have now put in place an extra admin resource to support the direct payment officer with the returns payment process. Further discussions with CWD team are ongoing to make sure correct information and advice is given when the Direct Payment is initially set up.		
4.1	Steps should be taken to ensure Direct Payments are reviewed annually as stated in the Direct Payments Agreement. Failure to do so can result in clients' changing needs not being met and, as a consequence, the Council over or under paying for the care actually needed.	High	Y	Moving forward, there should not be any cases that are not reviewed annually as resources have increased with an additional Family Support Worker being employed. A small number are still outstanding but will be picked up.	By the end of Sept 2015	Service Manager/ Team Manager

1 Executive Summary

1.1 INTRODUCTION

An audit of a sample of contracts for Supported Living and other housing support schemes for Adults with learning disabilities was undertaken as part of a series of thematic reviews on the approved internal audit periodic plan for 2015/16.

The Authority has a number of Supported Living schemes which aim to support adults with learning disabilities and facilitate clients to live independently. This also includes support for families and young people who are facing homelessness. This is described as a preventative measure for those determined as vulnerable groups.

There are a number of service providers contracted to supply supported living arrangements; such as accommodation, floating support and day opportunities. Audit selected 7 contracts with 2 of the providers; Family Mosaic and Thurrock Lifestyle Solutions (TLS). The objective was to establish whether the tender process had been completed in accordance with the Council's Constitution, relevant procurement practices and EU regulations. Audit also reviewed the relevant contracts in place to confirm that the document retention policy had been adhered to. In addition, by sample, confirm that the performance indicators and payment systems were managed in accordance with requirements.

Subject	Year	Value
Supported Living contracts (6)	2010 - 2016	Total contracts £4,789,943 approximately
Supported Living Budget spend	2014/15	£957k approximately
Day Opportunities Contract (1)	Annual for 3 years	£1.5m p.a. approximately

1.2 SCOPE OF THE REVIEW

To check that procurement of contracts is in compliance with legislation and the Council's Constitution. The awarding of contracts is backed up by appropriate documentation and evidence.

Control activities to be tested:

- Procurement, Contractual arrangements, Contract, Management, Monitoring.

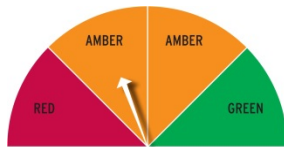
Limitations to the scope of the audit:

- The scope of the audit will be limited to reviewing processes in place. Conclusions will be based upon sample testing of transactions relevant to the current financial year to date.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

- The audit will focus on the specific contracts selected and concentrate on how they were managed. Therefore, it will not provide assurance on contract management across the whole of the Council.

The approach taken for this audit was a Risk-Based Audit.

1.3 CONCLUSION



Taking account of the issues identified, whilst the Council can take some assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective, action needs to be taken to ensure this risk is managed.

The audit concluded that the tender processes were satisfactory. However, some significant issues in relation to monitoring and managing contracts once they were formed were evident in 2 of the 7 contracts reviewed. Although significant improvements had been made with regards to the implementation of stronger controls to monitor service provision, financial reconciliation processes were absent. Inadequate financial controls meant that the Authority had been unable to evaluate whether the contracts provided value for money. Quality outcomes were confirmed as measured. The performance framework for those sampled was satisfactory. However, verification of data was insufficient as it was stated that there was a lack of adequate resource.

The above conclusions feeding into the overall assurance level are based on the evidence obtained during the review. The key findings from this review are as follows:

Overall Effectiveness and Design of control framework

- The Day Opportunities contract stated that supporting evidence should be supplied with the invoice to show adjustments to the Base Payment. This system was not in place at the commencement of the contract.
- There was recent evidence of contract monitoring by the Adult Social Care Contracts Team in respect of the number of clients who were using the Day Opportunities service. However, there was no reconciliation process between the usage and the costs stated on the invoices.
- The stated lack of adequate resources to manage the Day Opportunities contract effectively meant that some documentation could not be verified i.e. returns, invoices, client surveys, and savings. Therefore, it could not be determined that value for money was being obtained.
- The Base Payments for Day Opportunities were set up on Oracle but not on ContrOCC resulting in clients not being monitored individually at the commencement of the contract. This resulted in potential income not being identified, pursued and collected until it was identified as an issue at a later date.

Application of and compliance with control framework

- Evidence of the tender processes was confirmed on file for the audit sample taken.

- Contracts were confirmed as in place with the exception of the Generic Floating Support Scheme. However a deed of variation to the original contract, which was raised in 2014, was evident.
- Spreadsheet monitoring of clients receiving social care was evident for contracts in place within the Adult Social Care Contracts Team.
- A performance framework was in place to check and report progress on quality objectives using workbook returns. Any issues arising from the returns were discussed with the service provider and reported.
- Customer surveys were stated as being undertaken by the service provider and the results submitted on the workbook return.
- Meetings with service providers were confirmed as being held quarterly and discussions included subjects such as legislation, policy, training and safety.
- Contract compliance visits were confirmed as being undertaken annually. An East of England Workbook was applied and scored for each provider. Issues were raised and discussed with service provider directly. Results were recorded.
- The Day Opportunities contract was drawn up by Trowers and Hamblins. However, a copy of the original document was not sent to the Authority's Legal Services.
- There was no evidence of contract variations being monitored or agreed formally for the Day Opportunities contract.
- There was no evidence of purchase orders being reconciled to contract spend for the Day Opportunities contract.
- The Learning Disabilities Pilot Scheme contract expired this year. The pilot scheme was created using a waiver under the Council's Constitution at the Director's discretion not to tender under EU regulations. However, a local tender exercise was undertaken to obtain value for money. This contract expired on 31/03/15.

1.4 RECOMMENDATIONS SUMMARY

The following tables highlight the number and categories of recommendations made. The Action Plan at Section 2 details the specific recommendations made as well as agreed management actions to implement them.

Recommendations made during this audit:

The recommendations address the risks within the scope of the audit as set out below:

Area	Priority		
	High	Medium	Low
Contract procedure rules and the procurement process may be ineffective leading to inefficiency and lack of value for money	1	3	1
Total	1	3	1

1.5 ADDITIONAL FEEDBACK

The following staff gave their time and co-operation during the review, and we would like to record our thanks:

Adult Social Care:

- Service Manager - Contract compliance & Brokerage
- Senior Contracts Manager
- Joint Commissioning Officer (Supported Housing & Prevention)
- Fieldwork Service Manager
- Complex care and Transition Team Manager
- Contract Compliance Intelligence Officer
- Customer Finance Residential
- Business Support Admin Team Manager
- Performance & Information Officer

Legal Services:

- Contract and Procurement Solicitor
- Administration Support Officer

Procurement Services:

- Senior Procurement Manager
- Senior Procurement Officer
- Procurement Officer

2. Action Plan

The priority of the recommendations made is as follows:

Priority	Description
High	Recommendations are prioritised to reflect our assessment of risk associated with the control weaknesses.
Medium	
Low	

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
1.1	It is recommended that a copy of the terms and conditions and the specification details for the original block contract with TLS for supported living should be held on file in the department in line with document retention policy. A copy should also be provided to Legal. In addition, a sealed copy of the Day Opportunities contract should be sent to Legal Services to retain in their records. This will help to reduce delays if disputes arise around contractual issues.	Medium	Yes	The terms and conditions together with the specification will be placed in the contract team files and a copy provided to Legal. A sealed copy of the Day Opportunities file will be provided for legal	30-9-15	Strategic Lead Commissioning
1.2	It is recommended that a contract escalation mechanism is set up to report any significant issues that arise as a result of compliance monitoring visits and/or external inspections affecting service delivery or safeguarding. This will	Medium	Yes	There is a mechanism with other contracts, the recommendation will be put in place in full	30-9-15	Strategic Lead Commissioning and Contracts Team Manager

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
	assist the Authority in monitoring the contract and help to ensure significant issues are addressed promptly through a formal process.					
1.3	The quarterly meetings should provide an opportunity to register specific issues that need to be followed up. If necessary, a separate meeting should be arranged. This reduces the likelihood that issues are not dealt with in a timely and effective manner.	Low	Yes	A separate monthly meeting is now in place between the CEO of TLS and the Commissioning Strategic Lead and Commissioning Officer to allow for more detailed discussion as required these are minuted and kept on file.	Completed	Strategic Lead Commissioning
1.4	It is recommended that an urgent review of the contract management process and a lesson learned exercise is undertaken, before the next tender process due shortly. It is important that key controls are put in place to monitor the payment process and ensure that value for money is obtained where possible, in addition to high quality service provision.	High	Yes	The recommendation will be put in place and the tender process will review the lessons learned ensuring that robust financial processes are established regarding payment monitoring	This will be on going and reviewed in 3 months' time	Strategic Lead Commissioning, Commissioning Officer and Contracts Team Manager
1.5	It is recommended that the quarterly returns and satisfaction survey data are periodically checked to ensure they are accurate and correctly reported in	Medium	Yes	A process will be put in place immediately to ensure that this happens	30-9-15	Strategic Lead Commissioning and Contracts Team Manager

Ref	Recommendation	Risk Rating	Agreed (Y/N)	Management Action to address recommendations	Completion Date	Responsible Person
	accordance with the agreed methodology. This will assist in monitoring that performance and satisfaction levels are in line with the contract.					