

**Internal Audit
Quarter 3 Internal Audit Report
2017/18
London Borough of Haringey**

Mazars Public Sector Internal Audit Ltd.
January 2018

Contents

Page

Executive Summary	2
Audit Progress and Detailed Summaries	4
Statement of Responsibility	24

Executive Summary

Introduction

This is our third report to the Corporate Committee for the 2017/18 financial year including details of all reports which are now at final stage. The report provides information on those areas which have achieved full or substantial assurance and gives an indication of the direction of travel for key systems work which will provide Members with information on how risks are being managed over time. The format of this report is also designed to highlight the key risks facing individual departments and the Council which have been identified during the course of our internal audits. A more detailed summary of the limited assurance audit findings is included for information. The report draws together the summary information which is provided on a monthly basis to Members of the Corporate Committee. Members of the Committee will also be provided with full copies of our audit reports upon request.

All recommendations are agreed with Council officers, and any disputes are discussed prior to the final report being issued. All recommendations to address any control weaknesses highlighted within this report have been agreed. Officers' actions to address the recommendations, including the responsible officer and the deadline for completion, are fully detailed in the individual final audit reports.

The attached tables reflect the status of the systems at the time of the audit, and recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee.

As a reminder, our recommendations are prioritised according to the following categories:

- Priority 1* - major issues for the attention of senior management
- Priority 2* - other recommendations for local management action
- Priority 3* - minor matters and/or best practice recommendations

Key Highlights/Summary of Quarter 1 and 2 2017/18:

2016/17 Internal audits finalised in the quarter

- CCTV
- Welfare Reform

2017/18 Internal Audit Reports finalised in the quarter:

- No Recourse to Public Funds
- Direct Payments
- Safeguarding Adults
- Highways Contract (Invoicing and Monitoring)

Item 10 APPENDIX A

- Alexandra Primary School
- Crowland Primary School
- St Mary's Church of England Primary School
- Lancasterian Primary School

2017/18 Draft Internal Audit Reports issued this quarter

- Early Help Processes
- Contract Waivers & Extensions
- Ferry Lane Primary School
- St Mary's CE Primary School
- Stamford Hill Primary School

Audit Progress and Detailed Summaries

The following table sets out the audits finalised in Quarter 3 of 2017/18 financial year and the status of the systems at the time of the audit. It must be noted that the recommendations may already have been implemented by Council officers by the time the final report is issued and reported to the Corporate Committee. Detailed summaries of all audits which do not receive ‘Full’ or ‘Substantial’ assurance ratings are also provided for Members’ information.

Audit Title	Date of Audit	Date of Final Report	Assurance Level	Direction of Travel	Number of Recommendations (Priority)		
					1	2	3
2016/17							
Welfare Reform	June 17	Nov 17	Limited	N/A	1	8	0
CCTV	Sept 16	Oct 17	Substantial	N/A	1	2	1
2017/18							
No Recourse to Public Funds	Jul 17	Nov 17	Limited	N/A	0	8	0
Safeguarding Adults	Sept 17	Oct 17	Substantial	N/A	0	4	1
Direct Payments	Jul 17	Sept 17	Limited	↔	1	6	1
Highway (Invoicing and Contract Monitoring)	Jul 17	Dec 17	Substantial	N/A	0	1	1

Item 10 APPENDIX A

As part of the 2017/18 Internal Audit Plan we have visited the following schools, completed a probity audit and during Quarter 3 issued a final report.

School	Date of Audit	Date of Final Report	Assurance Level	Number of Recommendations (Priority)		
				1	2	3
2017/18						
Alexandra Primary School	June 2017	Oct 2017	Substantial	0	4	4
Crowland Primary School	July 2017	Oct 2017	Limited	3	14	1
St Mary's CE Primary School	Oct 2017	Dec 2017	Substantial	0	6	1
Lancasterian Primary School	July 2017	Dec 2017	Limited	0	10	4

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
Corporate Risk Audits			
Welfare Reform	Audit work was undertaken to cover the following areas: <ul style="list-style-type: none"> • Governance • Objectives • Project Delivery • Risk Management • Performance Monitoring and Reporting 	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk. The key findings are as follows: <ul style="list-style-type: none"> • The Assistant Director, Transformation and Resources has been assigned responsibility for overseeing the Council's Welfare Reform project. We were informed operational leadership of the project is taken on a part-time basis by the Business Change Advisor, employed as part of the Council's graduate recruitment programme. • The Council previously had a social fund/grant in place as part of Discretionary Housing Payments (DHP) to assist families most in need and at risk of becoming homeless where there was temporary difficulty with meeting rent payments. The remainder of this fund has been allocated to the Council's Welfare Reform project to provide the funding for the individual service projects once approved. • The Council's Welfare Reform project is at an early stage of development with discussions scheduled for September 2017 to discuss business case ideas. A Project Board has not been established for the Council's Welfare Reform Project. However, it was confirmed that a Welfare Reform Network is in place, which comprises members from a variety of the Council's services. It was emphasised that the Welfare Reform Act affects many people residing in the Borough and therefore has an impact on a variety of the Council's services such as Council Tax and Benefits and Housing. Representatives of the Welfare Reform network include experienced representatives from a range of service areas such as the Head of Economic Development and Growth, Head of Employment and Skills and the Interim Children's Centre 	Limited

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>Manager.</p> <ul style="list-style-type: none"> • We were informed services have undertaken significant work in order to mitigate the impact of welfare reform on the Borough's Residents including Homes for Haringey's officers working with families in social housing and temporary accommodation affected by welfare reform and referring them to other services such as employment support and language training. Children's Commissioning have undertaken a review of childcare provision in North Tottenham and advertise the 15 and 30 hours free childcare offers to help single parents and reduce restrictions in the job market. • The outcomes of the Council's Welfare Reform project are defined as a number of the Council's corporate priorities contained within the Corporate Plan 2015-2018, which was formally agreed. The relevant priorities include ensuring every child has the best start in life, preventing homelessness and tackling the underlying factors of poverty and discrimination. • A project timetable has been developed for the Welfare Reform project, which comprises a number of work streams separated under quick wins, short-term projects and long-term projects. Comprehensive detail is provided for each activity or work stream including the start and end dates, assigned owner, RAG status and the allocated weekly timeframe for completion. Documentation was provided for some of the completed work streams including presentation slides for a workshop that was attended by representatives of the Council's Welfare Reform Network in order to identify the personas of the residents affected by Welfare Reform and the key issues they face. • It was emphasised that the timetable in place concerns the Council's Welfare Reform project in its entirety but does not include the individual service projects. • There is no formalised process in place for monitoring the progress of the Welfare Reform project against the timetable. • A risk register has been developed for the Welfare Project in its entirety. Review of the register showed that the main risk with a 	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>score of 16 (impact = 4 and probability = 4) is a lack of resources, therefore it is essential that the limited resources available are used efficiently to help those most in need within the Borough.</p> <ul style="list-style-type: none"> • Further review showed that responsibility for all of the risks has been assigned to the Assistant Director, Transformation and Resources. We were informed that that the risk register contains the risks concerning the overall Welfare Reform project in its entirety and does not include the risks for the individual service projects. • Mitigating actions have been assigned against the risks within the register. • There is no formalised process in place for monitoring the risk registers developed for the Council’s Welfare Reform project. • Performance targets have not been developed and approved for the Welfare Reform project to enable the progress and performance of the project to be effectively monitored. • There is no formalised process in place for monitoring the progress made with the Council’s Welfare Reform project. It should be noted that updates have been provided to the Council’s Overview and Scrutiny Committee but they have not been provided on a consistent basis. <p>As a result of our audit work we have raised one Priority 1 and eight Priority 2 recommendations which should assist in improving the control environment.</p> <p>Our priority 1 recommendation is as follows: The Council should establish a Welfare Reform Project Board for overseeing the progression of the Welfare Reform project. As part of this, a Terms of Reference to be developed and formally agreed, which stipulates the representatives of the board, roles and responsibilities and meeting arrangements Agreed - Already Implemented</p> <p>Our priority 2 recommendations are as follows The Council should undertake a review of current arrangements to</p>	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>determine whether sufficient resources have been allocated for the management of the Welfare Reform project to help ensure that key activities are progressed in a timely manner. Agreed - Already Implemented</p> <p>The Council's services should ensure that detailed timetables are developed for the individual welfare reform projects. Agreed - Already Implemented</p> <p>The project timetable in place for the overall welfare reform project along with the timetables developed for the individual welfare reform projects to be consistently monitored on a regular basis (at least quarterly) at an appropriate level. Risk registers should be developed by the relevant Council Services for the risks identified which concern the individual Welfare Reform projects. Agreed - Already Implemented</p> <p>A formalised process should be established at service level to help ensure that the risk registers developed for the Council's individual Welfare Reform projects are subject to appropriate review on a consistent basis Agreed - Already Implemented</p> <p>Mitigating actions should be developed for the risks identified for each of the individual Welfare Reform projects. Responsibility for the mitigating actions to be assigned to the appropriate individuals and for the details to be recorded on the risk registers. Agreed - Already Implemented</p> <p>The Council should develop key performance targets for the Welfare Reform Project, which could be based on agreed objectives for the project. The performance targets should be subject to formal agreement. Agreed - Already Implemented</p>	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		The Council to establish a formalised process in place for monitoring the performance targets agreed for the Welfare Reform project. Agreed - Already Implemented	
Outstanding for all (Children’s services)			
No Recourse to Public Funds (NRPF)	Audit work was undertaken to cover the following areas: <ul style="list-style-type: none"> • Legislation, Policy & Procedures • Assessment • Communication • Monitoring • Payment & Financial management • Properties • Management Information 	Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The level of non-compliance puts the client’s objectives at risk. The key findings are as follows: <ul style="list-style-type: none"> • The Council have documented policies and procedures in place concerning the management of NRPF, including the Haringey Child and Family Assessment Guidance, which contains assessment guidance with regard to providing support pursuant to section 17 of the Children Act 1989 to families with NRPF status. There is also Zambrano guidance available which refers to the precedent stipulating that a non- European Economic Area (EEA) national has the right to reside if they are the primary carer of an EEA citizen. • The policies and procedures in place for NRPF are currently being reviewed and are at present with Legal Services. • Council staff can gain access to all guidance documentation and information via the Council's Children's Services Procedures Manual available online, and also via the NRPF Network. • The Council has a dedicated webpage comprising information on Asylum Seekers and Immigration, contact details of the Council's NRPF Team and links to advice pages provided by Central Government and external sites such as the UK Border Agency and Asylum Support. • Training is provided to staff within the NRPF Team on a regular basis, such as the Human Rights Act training that was provided for staff in June 2017 by representatives of the Council’s Legal Service. • An initial assessment is undertaken for all NRPF cases to determine whether there are any immediate risks to the health and safety of the client (child) and the family, and assessing what accommodation the family has or any access to financial resource. 	Limited

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>As part of the assessment, the Social Worker assesses the case against the appropriate Legislation, which includes the Children Act 1989. Under the Act, the Council assess the needs of the child to what action to take and service to provide. A child in need is defined by the Act as a child who is unlikely to achieve or maintain a satisfactory level of health or development, or their health and development will be significantly impaired, without the provision of services; or a child who is disabled. Assessments are carried out by the Social Worker under Section 17 of the Children Act 1989 and if the criteria of the Legislation is met then a Child / Young Persons Service Request is drafted for management approval. For a sample of 20 NRPF cases selected for testing, there was evidence of an initial assessment being undertaken.</p> <ul style="list-style-type: none"> • The immigration status of the client and family is checked for all NRPF cases, which includes contacting the UK Border Agency (UKBA) to determine the immigration status via telephone and email and directly liaising with the Chief Immigration Officer assigned from the Home Office. For the sample of 20 NRPF cases that had progressed, in all cases an appropriate check had been undertaken to determine the immigration status. There was one case where the NRPF application was refused as the client's family was declared an illegal over stayer. • Following completion of the assessment by the Social Worker, a Child/Young Persons Service Request is drafted for management approval. The workflow embedded in the Mosaic system automatically routes the request to the appropriate individual for independent authorisation. The request stipulates the service provisions required including the necessary costs. For 13 of the 20 NRPF cases selected for testing, a Child/Young Persons Service Request form had been completed, which was subject to appropriate independent approval. For the remaining cases seven cases, two had only recently commenced and in the other five, the application had been refused e.g. due to immigration status. • The review of the 20 NRPF cases selected for testing showed evidence that the case was progressed in a timely manner as 	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>possible to ensure that the health and safety of the client (child) was not compromised. The Council’s Fraud Investigation Team undertake financial and identity checks of the NRPF applications as and when requested by the NRPF Team. For the sample of 20 cases selected for testing, there was evidence of involvement by the Fraud Investigation Team in only six of the cases. A project agreement was in place, which was scheduled to run until March 2016. Meetings have been held between senior members of both the Council’s Fraud Investigation Team and the NRPF Team but a resolution in order to establish future working arrangements has not been identified.</p> <ul style="list-style-type: none"> • We were informed by the Team Manager within the NRPF Team that there are good working relationships and effective communication channels have been established between the NRPF Team and LBH's other services such as the Homelessness Team. This includes the team receiving referrals or the team being provided with information to help process an NRPF case. • As already stipulated the Council is a member of the NRPF network, comprising 46 Local Authorities around the country including 25 out of 32 London Boroughs. Through discussions with the Social Work Team Manager within the NRPF Team, we were informed that as part of the membership, the Council is able to access NRPF Connect Portal enabling caseloads to be monitored and support and direct interaction with the Home Office. • The Council has a Chief Immigration Officer assigned from the Home Office for three days every week, who is embedded within the NRPF Team. It was emphasised that the arrangement is working well and enables queries to be raised and discussed in a timely manner. A copy of the Memorandum of Understanding in place between the Council and the Home Office for the provisions of the Chief Immigration Officer was provided. Review showed that it detailed roles and responsibilities, funding, Indemnity and confidentiality. However, the document was in draft format - the dates detailed in the term of the contract are incomplete and the 	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>document has not been signed by representatives of the Home Office and the Council.</p> <ul style="list-style-type: none"> • We were informed by the Social Work Team Manager within the NRPF Team, that a spreadsheet has been developed to monitor the caseload handled by the NRPF Team. It was emphasised that the spreadsheet has only recently been implemented and is a work in progress. Review of the spreadsheet showed that it includes details of the immigration status, however, it was noted that there were are a number of cases where the immigration status was not detailed. • For the sample of 20 NRPF cases selected for testing, there were five cases where the approved Child/Young Persons Service Request had been in place for over a year, but there was no evidence of a reassessment or review taking place. It should be noted that the case notes for all of the cases detailed regular liaison between the NRPF Team and the key stakeholders including the client's parents and the Home Office to determine any status changes. • Requests for documentation to evidence agreed NRPF subsistence rates were not forthcoming during the audit. • For 13 of the NRPF Cases where subsistence payments were being made, the payment had been authorised as part of the Child/Young Persons Service Request which was subject to independent authorisation via the Mosaic system. • Budget information provided showed that there was a favourable variance between the profiled budget and the actual expenditure for quarter one of the 2017-18 financial year. There was no documentation provided to evidence that budgets were discussed on a monthly basis with the service accountant. • Properties utilised by the Council for NRPF cases where accommodation is required, are subject to safety inspections to ensure that they are fit for purpose. As part of this, gas safety inspections are undertaken on an annual basis. A sample of 12 gas safety inspection certificates was provided and each certificate was reviewed. In all cases, the certificate had been appropriately 	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>completed and signed. There was one case where the annual inspection was overdue. Requests for documentation to evidence monitoring of the completion of the inspections were not forthcoming during the audit.</p> <ul style="list-style-type: none"> • We were informed by the Interim Head of Children in Need of Support & Protection informed that management information including caseload is produced on a regular basis and circulated appropriately. Documentation was provided, confirming that daily dashboards and fortnightly reports are produced and circulated on a consistent basis. • Requests for documentation to evidence whether appropriate benchmarking of the NRPF rates administered by LBH including placement costs is undertaken to help ensure that they are in line with other London Boroughs and best practice. <p>As a result of our audit work we have raised eight Priority 2 recommendations which should assist in improving the control environment.</p> <p>Our priority 2 recommendations are as follows The Council should complete the revision of the policies and procedures in place for No Recourse to Public Funds (NRPF). The revised documentation should be formally approved and disseminated to all relevant staff. <i>The NRPF policies and service delivery review are near to completion and any actions falling out of these reviews will be actioned according to the recommended timescales. Deadline 15/12/17</i></p> <p>The Council's Anti-Fraud Team should be involved in the assessment of all new applications received by the No Recourse to Public Funds Team. <i>Action has been agreed to ensure the fraud team support and assist with appropriate checks when families present or assessments are being completed. Deadline 15/12/17</i></p> <p>The Council and the Home Office should undertake a review of the Memorandum of Understanding to ensure that it accurately reflects current arrangements. Once agreed the Memorandum of</p>	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>Understanding should be signed by representatives of the both the Council and the Home Office. There is currently a review of the memorandum of understanding taking place and a decision will be made as to whether the Home Office Immigration Officer remains within LBH. If a decision is made to retain the Home Office service then a new memorandum of understanding will be drafted and agreed. Deadline 24/11/17</p> <p>The immigration status for each case should be incorporated within the NRPF Team’s monitoring and reporting processes. More efficient and evidence immigration status for all families open to the NRPF team is being introduced following the review. Deadline 15/12/17</p> <p>The NRPF Team should ensure long-term NRPF cases are reviewed on an at least annual basis. A risk based approach should be adopted to place emphasis on completing more frequent reviews for cases with a high risk score. A service re-design which will incorporate periodic review of all cases where subsistence and accommodation only provided is underway. Cases where the children are defined as being in need and have a CIN plan will be reviewed a minimum of every 3 months. Deadline 15/12/17</p> <p>The management of the NRPF Team should ensure that budget and financial performance information concerning NRPF is produced and discussed with the assigned Accountant on a regular basis. Monthly review of expenditure in the NRPF team will be implemented to provide budget management rigour. Deadline 15/12/17</p> <p>The NRPF Team should monitor the inspections undertaken for properties utilised for NRPF accommodation cases. The NRPF team will ensure that appropriate inspections against expected standards are undertaken on an annual basis and there is evidence documented on the case files that this has taken place. Deadline 15/12/17</p> <p>The NRPF Team's management should undertake appropriate benchmarking on a consistent basis to ensure that the NRPF rates administered by LBH are in line with other London Boroughs and best practice. The rates should be subject to formal approval. A review and collation of NRPF rates is currently taking place. A proposal will be drafted for discussion with the Assistant Director and once approved</p>	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		be presented for the appropriate financial approval in the authority. Deadline 15/12/17	
Outstanding for All (Adult services)			
Direct Payments	Audit work was undertaken to cover the following areas: <ul style="list-style-type: none"> • Policy, Procedures and guidance • Payments to clients and Service providers • Budget management and control • Monitoring and reporting 	Weaknesses in the system of internal controls are such as to put the client’s objectives at risk. The level of non-compliance puts the client’s objectives at risk. The key findings are as follows: <ul style="list-style-type: none"> • Responsibility for the administration of Direct Payments concerning adult clients transferred from Adult Services to the Council’s Brokerage Team with effect from June 2017. • A Haringey Direct Payments Guidance 2016-2019 document is in the process of being updated to coincide with the continuing revision of the processes. Once revised the guidance document will need to be approved and made available to staff. • The Council has a dedicated webpage for Direct Payments comprising information including the application and assessment processes that must be followed prior to the award of payments and the action taken for the misuse of funds received via Direct Payments. The information is in need of review to ensure that it reflects the changes that have been implemented by the service. • A series of workshops were held to establish the new processes being implemented. We were informed that staff are yet to be formally consulted with regard to the new team structure, which is yet to be finalised. • An assessment is undertaken of the client to determine their needs and to identify the appropriate service provisions that are required. The assessments are undertaken by the Council's Social Care Workers and include the involvement of relevant professionals such as General Practitioners (GPs) and Psychiatrists. For a sample of 20 adult clients receiving Direct Payments, who were selected for testing, in all cases a detailed assessment had been undertaken by the assigned Social Care Worker along with input from professionals where required. In all cases, supporting documentation was available for review on the Mosaic system. • Re-assessments are undertaken by the Social Care Worker on at 	Limited

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>least an annual basis to determine whether there have been any changes to the needs and requirements of the clients. There were four cases out of the sample selected for testing where a re-assessment had not been completed, however it should be noted that the Care plans have been in place for less than a year.</p> <ul style="list-style-type: none"> • For a sample of 10 adult clients receiving Direct Payments in which amendments had been made to the Care Plans to reflect changes in required needs, adjustments had been accurately made on the Mosaic system to the Direct Payments and were subject to the appropriate authorisation. • There are two methods for administering the provision of care services for adult service users. Firstly, Direct Payments are made to the clients who then select their own care service packages that they require. As part of the assessment by the Social Care Worker, the details of the payments including the breakdown of the service provisions are included within the completed assessment forms, which are subject to the authorisation process via the Mosaic system. For the second method, the Council's Brokerage Team are responsible for arranging the required services from a range of service providers in order to meet the care requirements of clients whilst achieving value for money for the Council. A system known as SProc is now used which is a dynamic purchasing system and is utilised by a number of other Council Services. The system enables service providers to bid for the provision of services that a client requires. The client's details are anonymised and specific details are entered such as the administration of medication. • Once the deadline for service providers to submit their bids has expired and all bids have been submitted to provide the care as per the clients' requirements, an evaluation exercise is then undertaken on the system by the Brokerage Team, which is scored as 60% price and 40% quality. All services brokered to suppliers are subject to approval on SProc and this function is restricted to the Head of Service, Brokerage and Quality Assurance and the Brokerage Team Manager (Adults), Commissioning Unit only. As 	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>part of the approval, the number of suppliers that took part in the bidding process as well as the costs involved are reviewed to ensure value for money is achieved.</p> <ul style="list-style-type: none"> • Following the assessment undertaken by the Social Care Worker and other relevant professionals, the care plan including the weekly costs required for the provision of care services to meet the client's needs are recorded and retained on the Mosaic system. For the sample selected for testing, in all cases details of the agreed care plan including a breakdown of the weekly costs were detailed on the Mosaic system. There were three cases where signed agreements were in place and could be located as saved attachments. The agreement detailed the terms and conditions, what a direct payment cannot be used for and the monitoring and review process used by the Council to assess utilisation of funds received by the client. • As previously stated, Direct Payments for adults were previously managed by a Personal Budget Support Team within Adult Services. We were informed by the Head of Service, Brokerage and Quality Assurance and the Brokerage Team Manager (Adults), Commissioning Unit, that they were unsure as to whether financial reviews were previously being completed for clients such as a review of client's bank statements and care provider's invoices to determine that the Direct Payments received were being appropriately used in accordance with the care plan. Testing showed that in 15 cases there was no evidence of a financial review being undertaken. • For the remaining five cases, there was evidence of a financial review being undertaken, however, there was no evidence to show comprehensive review such as scanned banks statements to show utilisation of payments received by the client. • The majority of Direct Payments are paid on a four weekly cycle via a schedule which automatically collates the payment information held on the Mosaic system. Payments are authorised by the Council's assigned budget holder and this is done via an automatic authorisation workflow set up on the Mosaic system. 	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>The system was demonstrated by the Team Leader, Brokerage Finance, who entered the weekly value of the direct payments based on the agreed care plan in place to meet the requirements of the client. Once the values were entered the system prompted the user to assign an appropriate budget holder in which the authorisation would be automatically routed to them for approval. This confirmed that there are adequate segregation of duties in place to help prevent the misappropriation of funds. Assistant Directors are required to authorise all payments and once approved, the schedule of payments (usually four weekly) will continue to be made to the client on an automatic basis.</p> <ul style="list-style-type: none"> • Budget information for direct payments concerning adult clients is presented at the meetings of the Adult Social Care Management Team. Attendees at the meetings include the Head of Operations – Adult Services, Head of Integrated Care, HR Business Partner and the Lead for Governance and Improvement. We were informed by the Assistant Director, Adult Social Services, that the meetings are relatively new and finance and performance information is a standing agenda item. • A Finance and Performance scorecard is presented at the meetings which includes a projected year spend for Direct Payments concerning adult clients. Review of the scorecard showed that the projected spend for the 2017/18 financial year is 4% lower than the 2016/17 financial year. • It was identified that there is no formalised process for the consistent review (at least annual basis) of the agreed care plans in place including weekly costs or review of the utilisation of the funds received by the client. Payments are continually paid as scheduled once appropriate authorisation has been sought and granted by the Budget Holders via the Mosaic system. • Caseload information for direct payments concerning adult clients is also presented at the meetings of the Adult Social Care Management Team via a Finance and Performance scorecard. Review of the scorecard showed that the total number of clients as at June 2017 was 672, which was a slight increase on the 669 	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>clients as at May 2017.</p> <ul style="list-style-type: none"> There is no formalised system in place for circulating performance information to management on a regular basis including the use of agreed Key Performance Indicators (KPIs). <p>As a result of our audit work we have raised one Priority 1, six Priority 2 and one priority 3 recommendations which should assist in improving the control environment.</p> <p>Our priority 1 recommendation is follows</p> <p>Care plans for Direct Payments concerning adult clients should be subject to review and authorisation by the appropriate Budget Holders (at least annual basis) via the Mosaic system. The parameters of the Mosaic system should be set up to raise alerts to staff and management when review are due.</p> <p>We are working with our social care team to ensure that care plan for DP clients are reviewed annually. This will be formally monitored as part of the Brokerage Performance and financial reporting. The service will seek to work with social care managers to ensure care plan reviews are appropriately scheduled and changes are clearly understood by both parties. Deadline April 2018</p> <p>Our priority 2 recommendations are follows:</p> <p>All procedural and guidance documentation concerning Direct Payments should be reviewed and updated to ensure it reflects the new processes that have been implemented. Once reviewed the documentation should be formally approved and disseminated to staff. The Document Control section of the Direct Payments Guidance document should be updated following approval to indicate date and responsibility of approval and the scheduled review date.</p> <p>We recognise that there is a need to update a range of Policy, procedure and guidance information. The following documents are currently in the process of development. Policy document in line with the Care Act 2014. Operational Procedures for the management and support of Direct Payments. General and promotional information, guidance, web content and letter templates for clients. Deadline March</p>	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>2018</p> <p>The proposed Direct Payments Team structure should be formally agreed and all staff appropriately consulted.</p> <p>The Direct Payments Service Structure has now been formalised and agreed by senior management team. In addition to this, service budget has been formally established and all job descriptions have been redrafted and evaluated by HR. All roles and responsibilities will be clearly defined going forward. The service will formally commence staff and Union consultation in early Nov 17. deadline January 2018</p> <p>A staff training programme should be implemented for Direct Payments. Identified trends where there is a need for additional support and training to be utilised to steer the training programme. The service recognises that as well as DP's staff all staff within the Brokerage and Payments Service will require on-going training to improve staff knowledge base and ensure staff get the support they need to undertake their roles. The service will undertake a comprehensive review of all training and development needs. There should be recognition however in the context of budget constraints and savings challenge, staff training and development will be challenging. A full training assessment for Brokerage Service will be undertaken and presented to senior management by Feb 2018.</p> <p>The Direct Payment Agreement that is signed by or on behalf of the client should be revised to ensure that it reflects the policy, new service practices and Legislation including the Care Act. The revised agreement should be used for all future care plans including where revised care plans are implemented.</p> <p>The service recognises that due to historical practices, there has been an inconstancy in completing the required documentation and ensuring appropriate sign-off. All documentation related to the set-up and management of direct payments including annual reviews will be subject to formal review and update. This will ensure compliance with statutory guidance and crucially that care plans are being</p>	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		<p>regularly reviewed. This work will form part of the work linked to updating operational procedure. This work will need to be undertaken in conjunction with social care teams, legal services and our communications manager. Deadline March 2018</p> <p>Financial reviews should be undertaken on a consistent basis (at least annual) for adult clients receiving direct payments. The financial reviews should include a review of bank statements and other supporting documentation such as timesheets and invoices of the care providers and this evidence should be retained</p> <p>We recognise this finding and this was evident in the findings of in our internal service review. In recognition of the finding and to ensure that comprehensive reviews of clients' accounts are undertaken, we have ensured that this key responsibility has formed a key feature of the job description of staff going forward. We also recognise that key to undertaking future client reviews and clawing back unused/misused funds, is clearly setting out to client the terms and conditions of client Direct Payments and their obligations. Through clearly setting out the Policy requirement and communicating these to users will be essential in managing expectations and ensuring the Council is on a strong footing for reclaiming un-used or misused funds. A programme of financial reviews will commence in April 2018 following the launch of all Policy and promotional material. In the interim, the terms and conditions including the requirement for new DP's clients to provide financial information will be made clear by staff. Deadline April 2018</p> <p>Performance Indicators should be agreed by the Direct Payments Service and appropriately reported on a consistent basis through the Council's governance structure.</p> <p>As part of the service review, performance indicators including governance reporting has been developed. The adoption and development of the KPIs are currently being considered and prioritised for development in the context of a range performance indicators for Brokerage and Payment Service. We anticipate to have some immediate indicators in place to ensure we are managing workload.</p>	

Item 10 APPENDIX A

Audit area	Scope	Status/key findings	Assurance
		More sophisticated KPIs will be considered as we start to consider IT systems to manage caseloads more effectively. Deadline April 2018	

Statement of Responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by us should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Our procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our work and to ensure the authenticity of such material. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Mazars Public Sector Internal Audit Limited

London

January 2018

This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

In this document references to Mazars are references to Mazars Public Sector Internal Audit Limited.

Registered office: Tower Bridge House, St Katharine's Way, London, E1W 1DD, United Kingdom. Registered in England and Wales No 4585162.

Mazars Public Sector Internal Audit Limited is a subsidiary of Mazars LLP. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales to carry out company audit work.