

ABERDEEN CITY COUNCIL

COMMITTEE	Education & Children's Services Committee
DATE	17 November 2016
DIRECTOR	Gayle Gorman
TITLE OF REPORT	Payment Controls within Children's Social Work - Update
REPORT NUMBER	ECS/16/073
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 This report provides an update on the implementation of the recommendations within the Audit, Risk & Scrutiny Report on Payment Controls within Children's Social Work presented to this Committee on 24 March 2016. This earlier Report detailed 13 recommendations with implementation dates. These are summarised below.

2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee:

- (i) note this Report and the progress made by the Service in response to the earlier recommendations and
- (ii) request a subsequent update in June 2017, following the implementation of the first two areas of service to be commissioned under the PSP approach.

3. FINANCIAL IMPLICATIONS

- 3.1 Children's Social Work provides statutory services to children, families and young people in need of care and protection. This includes child protection investigation and assessment, disability services, family support, respite care, residential care, fostering, adoption and kinship care. Some of these are

delivered by the Service whilst others are purchased from external providers.

- 3.2 In response to concerns raised by the Service in respect of contracts in place and payment controls within Children's Social Work, Internal Audit reviewed the effectiveness of controls in this area. Their Report highlighted a number of areas of weakness in relation to contract management and payment systems and included 13 recommendations to ensure financial rigour within the Service.

4. OTHER IMPLICATIONS

- 4.1 The implementation of Reclaiming Social Work within Children's Services and in particular the adoption of the Public Social Partnership (PSP) approach, for which a Report was submitted to and approved by this Committee in September, which will encompass the majority of external services, will ensure a robust approach to commissioning and procurement.

- 4.2 A Commissioning Framework has been developed, along with a Strategic Needs Analysis, and this will operate within financial and procurement regulations. These have been developed in partnership with the council's Commercial and Procurement Services and Solicitors.

5. BACKGROUND/MAIN ISSUES

- 5.1 Following the publication of the Internal Audit Report a Contracts & Commissioning Project Team was established to take forward the main actions in response to the recommendations. This Team has been supported by a Programme Manager from Corporate Governance. The Team has continued to meet monthly to review and update actions accordingly.

- 5.2 The findings from the Internal Audit Report were focused on two key areas: Contracts and Procurement, and Payment Controls.

5.3 Contracts and Procurement:

- 5.3.1 Within the area of Contracts and Procurement, the Report recommended that:
- a commissioning strategy was developed for Children's Social Work and that procurement plans are used during tendering and procurement processes (para 2.1.4).
 - a Contracts Register was maintained by Commercial & Procurement Services (C&PS) and updated by Budget Holders (para 2.1.7).
 - the Service's procurement plans were supported by not only the Service itself but also by C&PS, Legal and Finance Services (para 2.1.8).
 - roles and responsibilities were clear between the Service and C&PS and risk based plans were in place for managing and monitoring all contracts (para 2.1.11).

Para numbers refer to the original Internal Audit Report.

- 5.3.2 In response, the Service has, as noted above, developed a Commissioning Framework which is underpinned by a Strategic Needs Analysis. These have in turn been used to drive forward the Public Social Partnership (PSP). Adoption of

this approach will see the recommissioning of the bulk of services currently provided by external suppliers by May 2017 (para 2.1.4).

5.3.3 The tendering phase for the first two areas of service to be commissioned under the PSP approach is due to be launched in November 2016 for which clear Procurement Plans, with agreed roles, functions and timescales, are already in place. These involve the Service, along with C&PS, Legal and Finance Services (para 2.1.8).

5.3.4 C&PS published the Contracts Register in April as required by the Procurement Reform Act 2014. In addition with the creation of the new C&PS Shared Service, the Service Contract Monitoring Procedure has been updated to define roles and responsibilities for the Service and C&PS, whilst all contracts are now monitored on a risk based approach. Roadshows for staff involved were held earlier this year and the new procedure has been in place from June 2016 (paras 2.1.7; 2.1.11).

5.4 Payment Controls:

5.4.1 With regard to Payment Controls, the Report's recommendations were that:

- in the absence of formal contracts, service agreements specify the agreed costs of the service (para 2.2.4).
- controls were implemented to ensure that all care payments are processed via CareFirst. (para 2.2.10).
- appropriate and consistent authorisation levels are established and implemented for approval of care packages and invoices. (para 2.2.11).
- the interface from CareFirst is reviewed to ensure that full invoice numbers are transferred to the financial system; and that the process for how invoice data is input to the financial system is reviewed (para 2.2.14).
- supplier numbers are reviewed and rationalised to ensure that there are no duplicates (para 2.2.15).
- the potential for invoice variation controls in the CareFirst System is reviewed with OLM; and that existing policy, practice and monitoring for invoice variations processed in CareFirst is reviewed to ensure that adequate assurance over CareFirst data and invoice payments (para 2.2.17).
- a process was established to ensure relevant details were passed to CareFirst in advance of a child's placement; and that options for rationalising the process for setting up new suppliers in CareFirst were explored (para 2.2.23).
- block-funded arrangements and controls were reviewed to ensure that they are necessary and appropriate (para 2.2.27).
- service agreements are set up on CareFirst to pay invoices for all Fostering and Residential Care; and that options are reviewed for improving control and assurance over payments to fostering agencies (para 2.2.30).

Para numbers refer to the original Internal Audit Report.

- 5.4.2 The Service has, as noted in the Report to this Committee in September, undertaken a review of all 105 commissioned services funded from the Children's Social Work budget. This showed that whilst some had no existing contracts, the clear majority were individual placements or packages of care which either needed to be brought under the appropriate national framework or a contract needed to be put in place. However, 10 services were deemed to be 'high risk' and consequently full and comprehensive reviews were undertaken independently earlier this year. Meetings have subsequently been held between the Service's Lead Service Manager and the respective Services to put in place interim service agreements ahead of the recommissioning of services under the PSP approach (para 2.2.4).
- 5.4.3 The consistent authorisation of invoices and care packages via Carefirst, the Service's main database, is dependent upon the supplier (OLM) making developments to the platform itself. This has been confirmed with them but will not be available for testing and delivery until late 2017. In the meantime the Service together with Finance colleagues will ensure that the review of authorisation levels is completed and implemented (para 2.2.11).
- 5.4.4 OLM have though confirmed that the field length for invoice numbers will be extended within the next release of Carefirst which is expected in early 2017. After testing it is expected that this will therefore be in place by June 2017 at the latest. This will allow for invoice data to be more readily transferred to the financial system. In the interim guidance has been supplied to finance for use when inputting invoices (para 2.2.14).
- 5.4.5 Invoice variations processed within Carefirst are now actively monitored and a Business Objects weekly report, which highlights variance greater than 10% is automatically generated and sent to finance (para 2.2.17).
- 5.4.6 As part of the induction for staff, including Unit Co-ordinators, joining the new Reclaiming Social Work Units specific guidance and training is being provided on the criticality of keeping Carefirst up to date. This is important not only in relation to the implementation of effective payment controls but also in order to maintain accurate records about vulnerable children and young people themselves. Processes are now in place to ensure that Carefirst receive a copy of a signed Initial Placement Agreement (IPA) which includes details of the placement provider, rates and types of service (para 2.2.23).
- 5.4.7 Phase One for authorising the payment of our own in-house foster carers via CareFirst will be tested between October 2016 and January 2017, with the expectation that the system will go live from 1 February 2017. We acknowledge that this is later than first anticipated which has been due to capacity issues within the Carefirst team and Business Support attached to Carers Services. Phase Two, which will involve kinship, adoption and external foster placements will be completed by the end of 2017. In the meantime though, we are reviewing our decision making processes and reviews and a protocol around out of authority placements will be developed and implemented by the end of 2016 (para 2.2.30).
- 5.4.8 All invoices from suppliers that are paid via CareFirst are normally forwarded

direct to the processing team at CareFirst. If the invoice is not initially identified as being payable via Carefirst it is scanned in and the budget holder notified to approve it on InfoSmart. However, if the budget holder is aware that it should have been processed via Carefirst, they will notify Accounts Payable that it should be processed by the Carefirst team. The invoice will then be removed from InfoSmart and emailed to the processing team at Carefirst. This process ensures that this recommendation has been completed (para 2.2.10).

- 5.4.9 The Accounts Payable section are actively working with Finance Team Development section to archive a lot of the data regarding suppliers on the e-Financials system. When version 7 of AP Forensics is installed, the Master Supplier File will be cleansed on a regular basis. The timescale for this work to be completed is anticipated as being early 2017 (para 2.2.15).
- 5.4.10 Excluding services for children with disabilities there is only one block funded arrangement. Because of the unique service that this provides it has not been included within the scope of the PSP approach, highlighted above. It will though be the subject of a further review early in 2017. A review of all services for children with disabilities within the commissioned budget is due to be completed by November 2016 ahead of the launch of the third phase of the PSP approach in mid-2017 (para 2.2.27).

6. IMPACT

6.1 Improving Customer Experience

- 6.1.1 Children's Social Work services work with children and young people and their families who are amongst the most vulnerable and disadvantaged in the city. Tightening of payment controls in relation to services commissioned for them should help to ensure that these contribute to improving outcomes for them.

6.2 Improving Staff Experience

- 6.2.1 Improved contracts and commissioning should give staff more confidence in the services that are being provided for the vulnerable children and families that they are working with.

6.3 Improving our use of Resources

- 6.3.1 Effective controls over payments will improve the use of resources, including budgets, ensuring that they are targeted most effectively on behalf of vulnerable children and families within the city.

6.4 Corporate

- 6.4.1 Both the re-commissioning of external services within the PSP approach and improved payment controls within Children's Social Work will support the council in fully meeting its legal and procedural requirements.

6.5 Public

- 6.5.1 An EHRIA was completed for the presentation of the Children's Social Work

Commissioning Framework Report to this Committee in September 2016. No associated actions were identified.

7. MANAGEMENT OF RISK

- 7.1 The Project Team referred to above is being actively supported by a Programme Manager from Corporate Governance. A Risk Log is being maintained and reviewed at bi-monthly project team meetings.

8. BACKGROUND PAPERS

Internal Audit Report Rep AC1604AW Payment Controls in Children's Social Work

9. REPORT AUTHOR DETAILS

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