

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	13 December 2022
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2206 – Children with Disabilities
REPORT NUMBER	IA/AC2206
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Children with Disabilities.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of Children with Disabilities.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

8. OUTCOMES

8.1 The proposals in this report have no impact on the Council Delivery Plan.

8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required

10. BACKGROUND PAPERS

10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

11.1 Internal Audit Report AC2206 – Children with Disabilities

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit Report

Integrated Children's and Family Services Children with Disabilities

Issued to:

Angela Scott, Chief Executive

Rob Pilkinghorne, Chief Operating Officer

Graeme Simpson, Chief Officer – Integrated Children's and Family Services

Alison McAlpine, Lead Service Manager

Sarah Ward, Category Manager – Children's Services and Housing Manager

Vikki Cuthbert, Interim Chief Officer – Governance

Jonathan Belford, Chief Officer – Finance

External Audit

EXECUTIVE SUMMARY

Background

The Council has a duty under the Children's (Scotland) Act 1995 (1995 Act) to assess the needs of children with disabilities within Aberdeen to safeguard and promote their welfare, through the provision of a range of services appropriate to their needs. It is a requirement of the C&YP (Scotland) Act 2014 for the Council to establish a Child's Plan where a child has a wellbeing need and the need is not capable of being met, or met fully, by the taking of action other than by a targeted intervention that will address those needs. In deciding whether a Child's Plan is required the Council must consult the child's 'named person'¹, and in so far as is reasonably practicable, the child and the child's parents. Should a need for a targeted intervention be established, the Council is responsible under the C&YP (Scotland) Act 2014 of ensuring delivery of that targeted intervention.

Integrated Children's and Family Services work with NHS Grampian and the Aberdeen Health and Social Care Partnership to deliver services aimed at improving the quality of life for children and young people with disabilities who live in Aberdeen. Support is provided to service users with a variety of needs. In accordance with the Social Care (Self-directed Support) (Scotland) Act 2013, service users can choose how they manage their care/support and budget and have four options as follows: direct payment for service user to manage their own budget (Option 1); budget administered by Council but service user chooses how it is spent (Option 2); Council chooses and arranges services (Option 3); or a mix of these options (Option 4).

Under the Council's agreed Powers Delegated to Officers, the Chief Officer – Integrated Children's and Family Services has the authority to make direct payments to children and young people with a disability to allow them to pay for children's services under the Social Care (Self-directed Support) (Scotland) Act 2013. In the financial year 2021/22, thirty five children and young people were paid a total of £510k through Options 1 and 2 while the Council paid eight suppliers a total of £1.11m under options 3 and 4 to deliver support and care to 76 children and young people.

Objective

The objective of this audit was to obtain assurance that care for children with disabilities via contracts and direct payments is being arranged and paid for in accordance with procedure to secure Best Value outcomes. Payments relating to out of authority placements have not been covered as these will be considered as part of a separate audit planned for 2022/23.

Assurance

In general, care for children with disabilities via contracts and direct payments is being arranged and paid for in accordance with procedure, with due consideration given to child wellbeing and the financial impact of associated care packages. However, Best Value was not always being demonstrated since the procurement of the main contract for provision of residential respite services, care at home services and short breaks, at £825k per annum for three years, with an option to extend by two years, was by direct award, without formalised competition through a tender process, contrary to the Council's Procurement Regulations. In addition, instances were identified where Council arranged provision of services to children with disabilities, was not supported by current contracts reflected on the Council's Contracts Register, as required by the Council's Procurement Regulations and Procurement Legislation.

¹ A Named Person is a single point of contact with responsibility for promoting, supporting and safeguarding the child's wellbeing.

Other areas that would benefit from enhanced controls include preparation of Child Plans and associated Action Plans; delegation of authority to authorise direct payments; retention of signed agreements for direct payments from claimants detailing their responsibilities; segregation of duties in establishing and approving care packages within the care management system; and raising of purchase orders.

Findings and Recommendations

The Council agreed a three-year contract, including an option to extend for a further two years, with a provider for the provision of residential respite services, care at home services and short breaks at £825k per annum. This contract replaces the requirement to go out to the market for each individual client's service requirements where the Council is choosing and arranging care for the child concerned. The contract was awarded by way of a direct award as agreed by the Chief Officer - Integrated Children's Services and Families. However, section 15 of the Council's Procurement Regulations does not allow for direct award of contracts above the Light Touch Regime of £664k. Such contracts per the regulations "*Must be advertised in Find a Tender Service and the light touch provisions in The Public Contracts (Scotland) Regulations 2015 apply*". A business case was prepared and submitted to the January 2020 Strategic Commissioning Committee who approved the business case. The submission of the business case did not include a specific request to put aside Section 15 of the Council's Procurement Regulations and allow the direct award to be made. Failure to advertise contracts in line with the Council's Procurement Regulations could risk legal challenge from other possible Service providers. In addition, in breach of the Council's Procurement Regulations and Procurement Legislation, contractual documentation was absent for service provision arranged by the Council, where over £50,000 spend had been incurred with the respective providers and the contracts were not reflected on the Council's Contract Register. A recommendation graded 'Major at a Service Level' was raised for Integrated Children's and Family Services to ensure contracts are procured in accordance with Procurement Legislation and the Council's Procurement Regulations.

The Council's Child's Plan template is comprehensive and covers the requirements of the C&YP (Scotland) Act 2014 for Child's Plans, with a detailed action plan attached for agreed wellbeing outcomes. Council procedure requires review of these action plans at least every six months. Of 10 cases reviewed, nine (90%) had a current completed and approved Child Plan. The remaining case (10%) had a plan completed and approved in June 2020, but due to family health circumstances a full plan had not been completed at the time of the audit. The lack of a current plan does not indicate a lack of interaction between the client and CWD professionals, with such interaction recorded on the CareFirst system. Of the four action plans in place all had had a review within the previous six months as required to monitor delivery of action and their impact on desired wellbeing outcomes. However, six (60%) action plans were not in place. Where action plans with SMART indicators linked to wellbeing indicators are not formalised and relevant stakeholders are not consulted as required in the preparation of action plans, there is a greater risk desired wellbeing outcomes will not be achieved. A recommendation graded 'Significant within audited area' was raised with the Service for Child Plans and associated action plans to be completed as required.

Under the Council's agreed Powers Delegated to Officers, the Chief Officer – Integrated Children's and Family Services has the power to make direct payments to children and young people with a disability to allow them to pay for children's services under the Social Care (Self-directed Support) (Scotland) Act 2013. However, this authority has not been sub-delegated to the chair of the Resource Allocation Forum (RAF) who is responsible for approving care packages. In addition, it was noted at

the time of review, the chair of the RAF had not completed the necessary procurement training and was not included on the Council's Delegated Procurement Authority Register to enable approval of purchases of over £50k, despite three packages (30%) out of six reviewed exceeding this value and being procured following the chair's approval. Recommendations graded 'Significant within audited area' were raised for the Chief Officer - Integrated Children's and Family Services to review authorised signatory requirements for expenditure under the RAF's remit and if appropriate establish the necessary written sub-delegation of officer powers required to allow the RAF to approve expenditure under their remit; and for all staff undertaking any procurement process to complete the necessary Delegated Procurement Authority training to the required level.

A random sample of five direct payments was reviewed with applications dating between 2009 and 2017. While set up forms were present for each of the sample, one agreement form was absent. As the agreement form details the responsibilities of the claimant and is signed by them to confirm their agreement, it forms a fundamental part of the contract between the Council and the claimant. If the document is not retained this poses a risk should the claimant fail to uphold these responsibilities and the Council wish to take legal action. A recommendation graded 'Significant within audited area' was raised with the Service to ensure all applications and agreement forms are retained for the length of time a claimant is being supported.

Where a client has decided on a direct payment, the details of the agreed package resulting from an application or review are recorded in the care management system as a Service Agreement, which should record the number of hours of care and the rate per hour at the time of the RAF approval being given. The care management system will then generate "invoices" based on the frequency and value. It was noted that care package payment schedules were applied to the care management system by an administrator without evidence in the system of approval by a separate officer with knowledge of the client and delegated authority to approve the payments. In the absence of segregation of duties between care package application and approval, with approval by an appropriate officer within the care management system, there is a greater risk a care package will be established that is not in line with the intentions of the RAF. A recommendation graded 'Significant within audited area' was raised for care packages to be approved within the care management system by an officer with the delegated authority who is separate from the officer who entered it on the system, ensuring it matches the care package approved by the RAF.

All invoices for Option 3 care packages chosen and arranged by the Council that were reviewed had been processed directly through the Council's Integrated Financial Management system and had been approved by an appropriate officer. However, none of the payments were supported by a purchase order, as required by the Council's Procurement Regulations. Without a purchase order verification of the invoice charges cannot be easily carried out to ensure the contractors are charging for services requested and at the rate agreed. To comply with the Council's Procurement Regulations and to ensure only the approved costs are being paid, a purchase order should be raised for all packages not being processed through care management system. A recommendation graded 'Significant within audited area' was raised for the Service to raise a purchase order based on the agreed financial assistance (s23) form for all commissioned service payments not being processed through the care management system.

Management Response

The Service welcomes the learning highlighted from this audit. Several of the findings have already been actioned and completed. The findings while focused on services

provided to children with a disability also have relevance to other parts of our business and this learning has been shared and acted on.

Services to children with disabilities cover a broad spectrum of need. It includes those with sensory impairments, with learning disabilities, with neurodevelopmental needs and those with life limiting health needs. Over the last number of years the fragility of the local market has been highly apparent with four providers of community based supports making the decision to cease operating to this client group. This reflects the growing complexity of need and challenges around recruitment experienced by social care providers to children and their families.

This fragility was felt by those families receiving support from commissioned services. The service was therefore acutely aware that progressing the re-tender of our commissioned services would add to the anxieties of families and children. There was also the potential of significant reputational risk to the Council. In this context it was important to that Children's Social Work, in partnership with Procurement colleagues, gave careful thought to minimising such impact and provided clarity to families. Consequently extensive engagement was undertaken with parents, children and providers. This ensured their views fully informed the service specification. During this exercise all but one of the providers ruled themselves out from being able to deliver on the proposed specification.

While other national providers could potentially have tendered for this contract the disruption would have been significant and potentially harmful to some of the children. It would also have undermined the confidence and trusting relationships with families in receipt of the support. This context was set out in the Business Case presented to and approved by Committee; however it is acknowledged that specific reference to put aside Section 15 was omitted. This will be fully considered in future Business Cases should the context indicate the need for such.

13. INTRODUCTION

- 13.1 The Council has a duty under the Children's (Scotland) Act 1995 (1995 Act) to assess the needs of children with disabilities within Aberdeen to safeguard and promote their welfare, through the provision of a range of services appropriate to their needs. The 1995 Act requires the services provided by the Council to be designed to minimise the effect on children living within Aberdeen of their respective disabilities or the effect of a disabled sibling's disabilities and to give those children the opportunity to lead lives that are as normal as possible. Under the 1995 Act the Council is required to consider the views of the parent or guardian or child's carer as part of this assessment of need.
- 13.2 The Council provides social care and support to children and families as part of a wider Scottish Government policy and practice framework - Getting it Right for Every Child (GIRFEC), enshrined in law within the Children and Young People (C&YP) (Scotland) Act 2014. It is a requirement of the C&YP (Scotland) Act 2014 for the Council to establish a Child's Plan where a child has a wellbeing need and the need is not capable of being met, or met fully, by the taking of action other than by a targeted intervention that will address those needs. In deciding whether a Child's Plan is required the Council must consult the child's 'named person'², and in so far as is reasonably practicable, the child and the child's parents. Should a need for a targeted intervention be established, the Council is responsible under the C&YP (Scotland) Act 2014 of ensuring delivery of that targeted intervention.
- 13.3 Integrated Children's and Family Services work with NHS Grampian and the Aberdeen Health and Social Care Partnership to deliver services aimed at improving the quality of life for children and young people with learning disabilities who live in Aberdeen. Support is provided to service users with a variety of needs. When a person applies for care or support, an assessment is carried out and a Child Plan is agreed between them or their representative and a lead professional. Often but not exclusively, the lead professional will be a social worker. All the children and families whose cases were audited were open to children's social work, and all open to the Children with Disabilities Service.
- 13.4 In accordance with the Social Care (Self-directed Support) (Scotland) Act 2013, service users can choose how they wish to manage their care/support and budget, and have four options as follows:
- **Option 1 – Direct Payment** – The service user chooses how their budget is used and the service user (or representative) manages the budget.
 - **Option 2 – Directing Your Support** – The service user chooses how the budget is used, but the budget is administered by the Council or and third-party Individual Service Fund (ISF).
 - **Option 3** – The service user asks the council to choose and arrange their services
 - **Option 4** – A mix of the three options above.
- 13.5 Under the Council's agreed Powers Delegated to Officers, the Chief Officer – Integrated Children's and Family Services has the authority to make direct payments to children

² A Named Person is a single point of contact with responsibility for promoting, supporting and safeguarding the child's wellbeing.

and young people with a disability to allow them to pay for children's services under the Social Care (Self-directed Support) (Scotland) Act 2013.

- 13.6 In the financial year 2021/22, thirty five children and young people were paid a total of £510k through Options 1 and 2 while the Council paid eight suppliers a total of £1.11m under options 3 and 4 to deliver support and care to 76 children and young people.
- 13.7 The objective of this audit was to obtain assurance that care for children with disabilities via contracts and direct payments is being arranged and paid for in accordance with procedure to secure Best Value outcomes. This involved obtaining and reviewing the relevant guidance and procedures and testing a sample of direct payments and commissioned services from the Council's Care Management System (CareFirst) to ensure they complied with the procedures. Payments relating to out of authority placements have not been covered as these will be considered as part of a separate audit planned for 2022/23.
- 13.8 The factual accuracy of this report and action to be taken regarding the recommendations made have been agreed with Graeme Simpson, Chief Officer – Integrated Children's and Family Services, Alison McAlpine, Lead Service Manager and Sarah Ward, Category Manager – Children's Services and Housing Manager.

14. FINDINGS AND RECOMMENDATIONS

14.1 Written Procedures & Training

- 14.1.1 Comprehensive written procedures that are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance that correct and consistent instructions are available to staff, important in the event of an experienced employee being absent or leaving.
- 14.1.2 The Service has relevant guidance in place on self-directed support, the completion of Child Plans, the use of the care management system (CareFirst) and some operational aspects of children with disabilities service delivery, such as referral to the Resource Allocation Forum (RAF). However, the Children with Disabilities Children's Social Work Service policy on service delivery was due a review in October 2019. While the review has commenced due to priorities of workload and staffing levels it has not been concluded. In addition, whilst referral to the RAF is explained there is no formal guidance on the calculation of support hours by the RAF based on Child Plan recommendations, risking inconsistencies in awarded support.

Recommendation

- a) The Service should complete the review the Children with Disabilities Children's Social Work Service policy.
- b) The Service should formalise the RAF procedure for the calculation of support hours.

Service Response / Action

Agreed. The service has been working to develop its new client data base D365 which will go live in September 2022. This will necessitate guidance being updated to reflect the functionality of our new system which proposes to allow recording in hours. The D365 system will require new and more efficient ways of working to be developed. The service will complete the review of the CWD Social Work service policy.

Priority at the outset of 2020 was to ensure that care packages were scrutinised further to differentiate between the provision that was in place to meet the needs of a child (activities to support the child/young person to become more independent etc.) and the provision in place to meet the needs of adult carers – usually parents, (the allocation of short breaks in recognition of the pressures on them of caring for children with more complex needs.) This shift is to ensure that intervention which is put in place via care packages is aligned to the person whose need it is meeting, i.e., whether it is to meet the needs of the child or their adult carer. This shift has required considerable additional work for children's social work professionals, especially considering resourcing pressures for the 3rd sector provider involved in undertaking adult carers support plans in Aberdeen City.

Implementation Date

April 2023

Responsible Officer

Lead Service Manager

Grading

Important within audited area

14.2 Child's Plan

- 14.2.1 The Council's Child's Plan template covers the requirements of the C&YP (Scotland) Act 2014 for Child's Plans, detailing client's circumstances, historical information, partners to the plan, the outcome of specialist assessments, and strengths and wellbeing concerns evaluated under the GIRFEC eight SHANARRI wellbeing indicator headings (Safe, Healthy, Achieving, Nurtured, Active, Respected, Responsible, Included).

Recommendations for a targeted intervention / care package are documented on the Child's Plan by the relevant Practitioner assessing needs, as well as the views of the child / young person and the parent / carer. Confirmation is also required that the options for delivery of the care under self-directed support have been discussed with the family and where appropriate an option agreed.

- 14.2.2 The C&YP (Scotland) Act 2014 requires local authorities responsible for delivery of a Child's Plan to keep that Child's Plan under review. While these plans are normally reviewed and updated on an annual basis, should any fundamental changes to wellbeing be identified prior to the annual review a revised plan may be completed.
- 14.2.3 As part of the Council's Child Plan template and in line with Council operational guidance on SMART (Specific, Measurable, Achievable, Relevant and Time Bound) indicators, a detailed action plan is attached to the Child's Plan describing for each desired outcome, the SHANARRI indicators covered, what is to be achieved, the measure of success, the action / intervention, the implementation due date and responsible officer, documenting separately any contributions from parents / carers and child / young persons. A space is also available against each action to document the outcome of reviews, including if the action resulted in improvement, no change or deterioration and the associated impact on the desired outcome. The Council's GIRFEC operational guidance requires review of action plans contained within Child Plans at least every six months.
- 14.2.4 A sample of four Option 1, (there were no option 2's in operation at time of the audit), five Option 3 and one Option 4 (combination direct payment and Council commissioned place) cases were chosen at random from payments processed through the Councils payments system. Of these cases reviewed nine (90%) had a current completed and approved Child Plan. The remaining case (10%) had a plan completed and approved in June 2020, but due to family health circumstances a full plan had not been completed at the time of the audit. The Children with Disabilities Service (CWD) advised a review of the plan was currently ongoing with Health partners taking the lead and it is anticipated to be submitted to the September 2022 RAF. The lack of a current plan does not indicate a lack of interaction between the client and CWD professionals, with such interaction recorded on the CareFirst system.
- 14.2.5 For the sample of 10 Child Plans referred to in 2.2.4 above, four (40%) had complete action plans detailing desired outcomes and measures of success with evidence of consultation with parent / carers and the child / young person or reasons why this was not possible; six (60%) did not have such an action plan. All had evidence of contributions documented on the action plan or on the main Child Plan. Of the four actions plans in place all had had a review within the previous six months as required to monitor delivery of action and their impact on desired wellbeing outcomes. Where action plans with SMART indicators linked to SHANNARI wellbeing indicators are not formalised; relevant stakeholders are not consulted as required in the preparation of action plans, there is a greater risk desired wellbeing outcomes will not be achieved.

Recommendation

Child Plans and associated action plans should be completed as required.

Service Response / Action

Agreed. The Aberdeen City partnership has developed an updated template for the Child's Plan which will be tested over the coming months. Feedback from staff and families on the accessibility and suitability of the revised plan will inform further changes that need to be made. The revised template will make it easier for intended outcomes to be recorded and tracked via reviewing processes. The updated CWD Social Work service policy will make clear expectations around the reviewing of plans. Reporting via D365 will support an auditing of this action to ensure compliance.

<u>Implementation Date</u> April 2023	<u>Responsible Officer</u> Lead Service Manager	<u>Grading</u> Significant within audited area
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14.3 Financial Assessment Form (FAF)

- 14.3.1 Alongside the Child Plan the CWD professional also completes a Financial Assessment Form (FAF) which details a financial breakdown based on the recommended care package recorded on the Child Plan. The FAF details any current care package being funded, a summary of any significant changes to the client's circumstances and the details of the new care package being recommended.
- 14.3.2 Testing of the sample of ten described in paragraph 2.2.4 above found the FAF summary was in line with the Child Plan, and where any change was being recommended it had been approved by the CWD professional's line manager.

14.4 Resource Allocation Forum (RAF)

- 14.4.1 The monthly Resource Allocation Forum (RAF) is a joint group made up of representatives from the Integrated Children's and Family Services, NHS, Health and Social Care Partnership and Aberlour (the Councils new contracted single source care provider for CWD). Scrutiny of planning and how requested packages will meet needs identified by multi agencies is shared by representatives from across the partnership. The final financial decision making responsibility sits with the Chief Officer – Children & Family Services (or sub delegated). The role of the RAF is to address the needs of children and young people with a disability who meet the eligibility criteria and whose needs may only be met through providing individual, tailored packages of support and intervention. The RAF consider all new packages of care and review all care packages over £100 per week. During and since the pandemic the RAF continued in a virtual format to allow continuity of service to clients. This forum required to consider the impact of lockdown restrictions, and reduced support from education settings for several children with complex health and disability challenges. A small but significant number of children required alternative bespoke adjustments either to existing packages or for new packages of support to take account of the lockdown restrictions and of fluctuating numbers of known covid 19 cases. Some of this decision making required to take place on a more regular basis than the scheduled monthly RAF panels across this period but was supported by completed paperwork endorsed by Service Manager.
- 14.4.2 The RAF will review the details on the Child Plan, the financial breakdown on the FAF and listen to any verbal submissions from the Team Leader or Team Manager, to support the application from e.g. Social Worker, client, parents, health care professionals. The panel can approve the recommendation in its entirety or approve only specific items, lower values or request further work is undertaken before a resubmission to panel. The panel update the FAF with exactly which package has been approved and the form is authorised by the RAF chairperson.
- 14.4.3 For the sample of 10 care packages referred to in paragraph 2.2.4, all FAFs had been approved by the RAF chairperson and the summary of agreed care, excluding financial details, had been accurately recorded on the RAF minutes, evidencing scrutiny of the awarded care package value.
- 14.4.4 Nine (90%) of the 10 cases reviewed had a current RAF approval, with the other (10%) last approved in 2019. The review process requires family/client involvement but due to mitigating circumstances during the pandemic this was not possible. The Child Plan

relation to the exceptional case last approved in 2019 is currently under review as described in paragraph 2.2.4 above.

- 14.4.5 Under the Council's agreed Powers Delegated to Officers, the Chief Officer – Integrated Children's and Family Services has the power to make direct payments to children and young people with a disability to allow them to pay for children's services under the Social Care (Self-directed Support) (Scotland) Act 2013. However, this authority has not been sub-delegated to the chair of the RAF.

<u>Recommendation</u>		
The Chief Officer - Integrated Children's and Family Services should review authorised signatory requirements for expenditure under the RAF's remit and if appropriate establish the necessary written sub-delegation of officer powers required to allow the RAF to approve expenditure under their remit.		
<u>Service Response / Action</u>		
Agreed. CO – C&FS in collaboration with CO – Governance will review delegated powers to reflect the need for these to be sub-delegated as is operationally appropriate.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
October 2022	Chief Officer – Integrated Children's and Family Services	Significant within audited area

- 14.4.6 The sample of six care packages which were procured by the Council following approval by the chair of the RAF; three (50%) of these care packages exceeded £50k annually, with five (83%) care packages having exceeded £50k in the past 4 years. The Chair of the RAF had not completed the necessary procurement training and was not included on the Council's Delegated Procurement Authority Register to enable approval of purchases at this level at the time of review; this has now been resolved. It was also found the Chief Officer – Integrated Children's and Family Services has not completed the training or appear on the Register; it was advised that procurement training was completed when this was previously available under OIL

<u>Recommendation</u>		
All staff undertaking any procurement process should complete the DPA training to the required level.		
<u>Service Response / Action</u>		
Agreed. All procuring staff will be asked to complete the necessary training.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
January 2023	Chief Officer – Integrated Children's and Family Services	Significant within audited area

14.5 Direct Payments

- 14.5.1 Direct Payment applications and the associated direct payment agreement form are completed by the relevant Social Worker with the supported person or their legal representative. The application form requires a detailed breakdown of annual costs e.g. payroll software costs, insurance costs, advertising and training as an employer of Personal Assistants; recurring payments (hours of care), and one off payments (respite costs). The application form also covers required advice, such as in relation to employment responsibilities where employing a carer which must be given to the supported person. The application and the direct payment agreement form cover the respective responsibilities of the supported person / legal representative and the Council

and require a declaration to be signed and dated by both parties that responsibilities are understood. Supported persons have fifteen responsibilities they agree to including, using the monies only to meet the assessed and agreed outcomes provide financial monitoring statements and make payments to care providers in terms with their contract whilst the Council eleven responsibilities include, carry out regular monitoring, support the supported person to meet their outcomes and make payments in line with the agreement.

- 14.5.2 Based on the application and agreement form CWD will complete a Direct Payment Set up Form which is populated with the details required to set up the agreement on the CareFirst system.
- 14.5.3 Historically payments were made into standard bank accounts set up by the claimant for the sole purpose of receiving the financial support and subsequently paying the charges received from the Service provider. Since 2020/21 claimants have been moved onto PrePaid Card accounts which is similar to online banking however Council officers can view the account directly, and the supporting invoices/expenditure records should be uploaded onto the system. Any surplus requiring to be reclaimed can be done so online by the Finance team without the need of raising an invoice. For the period of the audit only two of the direct payments were being paid into non Prepaid Card accounts.
- 14.5.4 A random sample of five direct payments was reviewed with applications dating between 2009 and 2017. While set up forms were present for each of the sample, one had an application form and four an agreement form. As the agreement form details the responsibilities of the claimant and is signed by them to confirm their agreement to uphold them, it forms a fundamental part of the contract between the Council and the claimant. If the document is not retained this poses a risk should the claimant fail to uphold these Responsibilities and the Council wish to take legal action.

<u>Recommendation</u>		
The Service should ensure all applications and Agreement Forms are retained for the length of time a claimant is being supported.		
<u>Service Response / Action</u>		
Agreed. The updated CWD Social Work service policy will make clear expectations around the retention of agreement forms within the child's electronic file.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
April 2023	Unit Coordinator	Significant within audited area

- 14.5.5 Council procedures required direct payment care packages to be reviewed annually with a Direct Payment and Service Annual Review form template to document this undertaking. The supported person agrees to provide necessary evidence to facilitate these reviews when signing their application form declaration. Once the outcome of the review is documented on the form both the supported person and the Practitioner must sign the form to evidence it is accurate. Of the sample of five reviewed one had a signed form in place while two had minutes of a review meeting recorded on CareFirst.

<u>Recommendation</u>		
The Service should undertake the annual review and complete the required documentation to evidence it.		
<u>Service Response / Action</u>		
Agreed. The updated CWD Social Work service policy will make clear expectations around the reviewing of plans/packages of care. Reporting via D365 will support an auditing of this action to ensure compliance.		

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
April 2023	Lead Service Manager	Important within audited area

- 14.5.6 The review includes a financial audit undertaken by Finance, which requires the supported person or their legal representative to submit a Financial Monitoring Statement detailing expenditure from the dedicated direct payment bank account transactions to ensure payments being made from the account equate to the agreed care package detailed on the set up form. Finance have confirmed that these annual reviews are only undertaken where non Prepaid Card accounts are still being used. Testing for the two clients who still used normal bank accounts found an audit was being carried out.
- 14.5.7 The packages approved by the RAF are based on the agreed care provision being fully provided by the external supplier engaged by the client. Due to a lack of qualified and/or suitably experienced and trained staff, along with issues caused by the pandemic, several clients have been unable to fulfil their approved package. Where some staff have been required to isolate or have been unable to work due to having covid 19 symptoms, the client may have incurred costs for payment to their personal assistant, as well as requiring funding to pay an alternative service provider. This has meant some families have required to request an enhancement to their DP package and in other instances a surplus will accumulate in the clients care bank account. On a quarterly basis the Direct Payments Finance team will review the bank balances of those receiving a direct payment and where any surplus exceeds four weeks entitlement they will contact the client informing them the surplus will be recovered by the Council. The client can discuss any reasons for the surplus with their case worker, in case there are invoices outstanding from the third party care provider. A review of the bank accounts for the five direct payment care packages sampled found this process had been correctly applied.
- 14.5.8 Where a client has decided on Option 1, direct payment, the details of the agreed package resulting from an application or review are recorded in CareFirst as a Service Agreement, which should record the number of hours of care and the rate per hour at the time of the RAF approval being given. The agreement will also record the frequency on which the costed package has been arrived at; for the sample of five direct payments tested, all were weekly. CareFirst will then generate “invoices” based on the frequency and value. All direct payment clients must set up a specific bank account into which all Council payments will be credited and all payments to the care providers are debited. It was noted that care packages were applied to CareFirst by an administrator without evidence in the system of approval by a separate officer with knowledge of the client and delegated authority to approve the payments. In the absence of segregation of duties between care package application and approval, with approval by an appropriate officer within the CareFirst system, there is a greater risk a care package will be established that is not in line with the intentions of the RAF. An overpayment occurred as described in paragraph 2.5.9 below which potentially could have been avoided by this system of review.
- 14.5.9 A sample of five clients who were receiving direct payments to allow them to commission their specific care requirements was tested to ensure payments in the Integrated Financial Management system agreed to CareFirst and the approved care package described in the FAF. One client (20%) had an overpayment caused by the incorrect set up in Carefirst of the care provided during school holidays as described in paragraph 2.5.10 below, another two (40%) had payments of £304 per annum relating to payroll software costs which had not been detailed on the approved FAF.
- 14.5.10 The care package incorrectly set up in Carefirst referred to in paragraph 2.5.9 above was split between normal weeks and school holiday weeks. Where the school holidays were ongoing, extra hours were required from the care providers. The FAF showed this as being

12 weeks, resulting in an additional weekly cost of £912 (approximately £11k per annum). A review of the payments through the Integrated Financial Management system these school holiday payments appeared to be ongoing throughout the whole year (52 weeks) rather than the 12 holiday weeks. The Service advised whilst original approval was for 12 weeks subsequent approval had extended the additional hours but not for the full 52 week period. The client has since moved onto a Prepaid Card account and Finance recovered the surplus balance held in the old account totalling £24k.

- 14.5.11 The care packages are set up in CareFirst by the practitioner who completed the S23. The set up does not currently require a review or approval prior to going “live.” The lack of a check / approval to ensure the details are per the approved S23 can result in incorrect payments being made. While a surplus will accumulate in the client’s bank account, provided the service provider charges based on the approved package, should any extra costs outwith the RAF approval be paid through the account this would reduce the surplus and not be detected during any subsequent review.

<u>Recommendation</u>		
Care packages should be approved within CareFirst/D365 by an officer with the delegated authority who is separate from the officer who entered the care package in CareFirst/D365, ensuring the care package in the system matches the approved FAF / s23 form.		
<u>Service Response / Action</u>		
Agreed. The updated CWD Social Work service policy will make clear expectations around the reviewing of plans. Reporting via D365 will support an auditing of this action to ensure compliance.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
April 2023	Lead Service Manager	Significant within audited area

- 14.5.12 It was noted that agreed budgets and actual expenditure at a client care package level is not routinely monitored. Such monitoring would help ensure payments are as agreed and reduce the risk of overpayments.

<u>Recommendation</u>		
A system of monitoring should be introduced for expenditure at a care package level.		
<u>Service Response / Action</u>		
Agreed. The updated CWD Social Work service policy will make clear expectations around the reviewing of plans. Reporting via D365 will support an auditing of this action to ensure compliance.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
December 2022	Team Manager CWD	Important within audited area

- 14.5.13 The FAF has a section for recording that the details have been updated onto CareFirst. Each Service Agreement in CareFirst has a unique ID reference; however, the Service Agreement reference is not recorded on the FAF making verification that CareFirst agrees to FAF care package decisions challenging. Where only a single change to the value of a package is applied following an annual review, the lack of a unique cross reference between the two is not an issue for reconciliation purposes. Where multiple changes result from six weekly reviews, e.g. hours of care, rates paid, additions/decreases in provision, it makes reconciliation of charges more difficult, especially where the breakdown of the package on the FAF is based on varying hours throughout the year. The recording of the

Service Agreement ID on the FAF would facilitate financial control where accuracy of payments is being verified to direct payment award decisions.

<u>Recommendation</u>		
The Service Agreement ID on CareFirst should be recorded on the supporting FAF (s23 form).		
<u>Service Response / Action</u>		
Agreed. The updated CWD Social Work service policy will make clear expectations around the reviewing of plans. Reporting via D365 will support an auditing of this action to ensure compliance.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
January 2023	Unit Coordinator	Important within audited area

14.6 Option 3 – Third Party Commissioned Services

- 14.6.1 A sample of six clients receiving their care provision through Council commissioned care providers was tested to ensure payments being made to these external suppliers matched the approved FAF care package form. Testing found two of the six did not match the approved cost.
- 14.6.1.1 One invoice from the care provider Camphill showed shared night attendant charges of £104 per night for the period 22 December 2021 to 1 April 2022 totalling approximately £11k. This was not shown on the approved FAF. A recommendation has already been made at paragraph 2.5.12 above to introduce a system of monitoring of expenditure at a care package level.
- 14.6.1.2 One invoice from Grampian Autistic Society is based on a daily rate however the FAF shows an hourly rate, and several approved hours for the client. The current documentation does not allow an exact match of costs to be carried out. The lack of data to match invoices being paid against expected service provision has a risk of incorrect charges being paid. C&PSS advised on 12 September 2022 that the related contract has reviewed and the revised contract has been agreed with the service provider.

<u>Recommendation</u>		
S23 rates should be based on how the charge will be invoiced.		
<u>Service Response / Action</u>		
Agreed. The updated CWD Social Work service policy will make clear expectations around the reviewing of plans. Reporting via D365 will support an auditing of this action to ensure compliance.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
April 2023	Lead Service Manager	Important within audited area

- 14.6.2 All invoices had been processed directly through the Council’s Integrated Financial Management system rather than CareFirst and had been approved by an appropriate officer. However, none of the payments was supported by a purchase order, as required by the Council’s Procurement Regulations. Without a purchase order verification of invoice charged cannot be easily carried out to ensure the contractors are charging for services requested and at the rate agreed. To comply with the Council’s Procurement

Regulations and to ensure only the approved FAF costs are being paid, a purchase order should be raised for all packages not being processed through CareFirst.

- 14.6.3 All direct payments are processed through the interface between CareFirst and the Council's Integrated Financial Management system . A review of all invoices processed directly through the Council's Integrated Financial Management System for Children with Disabilities payments found 55 (39%) had a purchase order raised while 87 (61%) to a value of £969k did not. The Council's Procurement Regulation 7.1 requires a purchase order to be raised for all supplies and services. To comply with this requirement, purchase orders should be raised in advance of receipt of goods / services and prior to processing the related invoice to ensure the Council only pays for what has been ordered and received. It also helps ensure committed expenditure is recorded for budget monitoring purposes.

Recommendation

CWD should raise a purchase order based on the agreed FAF (s23 form) for all commissioned service payments not being processed through CareFirst.

Service Response / Action

Agreed. The updated CWD Social Work service policy will make clear expectations around the reviewing of plans. Reporting via D365 will support an auditing of this action to ensure compliance.

Implementation Date

January 2023

Responsible Officer

Lead Service Manager

Grading

Significant within audited area

14.7 Procurement Scheme of Governance

- 14.7.1 Aberdeen City Council agreed a three-year contract, including an option to extend for a further two years, with Aberlour Child Care Trust for the provision of residential respite services, care at home services and short breaks. The contract agrees year one funding of £825k, which will form the basis of subsequent year values unless a justified payment increase request is received. This contract replaces the requirement to go out to the market for each individual client's service requirements where Option 3 has been chosen by the client.
- 14.7.2 The contract was awarded by way of a direct award as agreed by the Chief Officer – Integrated Children's Services and Families. Section 15 of the Council's Procurement Regulations does not allow for direct award of contracts above the Light Touch Regime of £664k. Such contracts per the regulations "*Must be advertised in Find a Tender Service and the light touch provisions in The Public Contracts (Scotland) Regulations 2015 apply*".
- 14.7.3 A business case was prepared and submitted to the January 2020 Strategic Commissioning Committee who approved the business case. The submission of the business case did not include a specific request to put aside Section 15 of the Council's Procurement Regulations and allow the direct award to be made. The Service advised they undertook consultation with all known providers to encourage interest and to assess ability to deliver and it was determined that they were unable to increase provision as required. However, failure to formally advertise contracts in line with the Council's Procurement Regulations could risk legal challenge from Service providers, including national providers that have not had an opportunity to bid. While there is a new single provider contract, the Children with Disabilities Service are still transitioning ongoing provision already being provided by other third-party providers as mentioned in section 2.6. This transition is only being undertaken in agreement with the clients and where the provision of service will not have a detrimental effect to the client and cannot be met within

commissioned service contract – for example, for a child living out with Aberdeen City area.

- 14.7.4 Currently seven other providers are delivering services to clients. Testing was undertaken to ensure contracts were in place with these providers and the correct Scheme of Governance followed in their procurement. Five of the providers had no supporting documentation relating to the arrangements in place (four of these exceeded £50k in last four years). Their annual costs ranged from £7k to £53k in the financial year 2021-22. Over the four-year period ending 31 March 2021 spend with these providers ranged from £7k to £405k.
- 14.7.5 Another provider with annual expenditure of £51k has a letter of agreement covering the period 1 April 2020 – 31 March 2021. Service provision is ongoing currently being invoiced at £13k per quarter but there is no supporting documentation extending the agreement. The total spend over the current and previous four years is over £232k. The Service advised this provision is now being managed by the Aberdeen City Health and Social Care Partnership.
- 14.7.6 Another provider annual expenditure of £98k for which an interim contract was present. The contracted provision commenced on 1 April 2016 with an expiry date of 31 March 2019. However, the interim contract also had a clause extending the contract on a rolling six monthly basis unless terminated by either party. The total spend on this interim contract was over £403k at the time of review in August 2022. This has now been addressed because of Committee approval of a direct award for this provision.
- 14.7.7 None of the above contracts appears on the Council's contracts register and there is no documentation to provide evidence the correct Scheme of Governance had been followed when these provisions had started. The contracts register also includes no evidence the provisions were tendered for allowing open market involvement and demonstrating Best Value had been achieved, despite the requirement of the Council's Procurement Regulations and the legal requirement for all contracts of £50,000 or greater to go through such a process. If these providers are to be retained on an ongoing basis rather than the clients being transferred to the new contract, then Integrated Children's and Family Services should ensure the Council's Procurement Regulations and Procurement Legislation are adhered to.

Recommendation

Integrated Children's and Family Services should ensure contracts are procured in accordance with Procurement Legislation and the Council's Procurement Regulations.

Service Response / Action

Agreed. Over the last number of years the fragility of the local market has been highly apparent with four providers of community based supports making the decision to cease operating to this client group. This fragility was felt by those families receiving support from commissioned services. The service was therefore acutely aware that progressing the re-tender of our commissioned services would add to the anxieties of families and children. There was also the potential of significant reputational risk to the Council. Consequently, with the assistance of C&PSS, extensive engagement was undertaken with parents, children, and providers. This ensured their views fully informed the service specification. During this exercise all but one of the providers ruled themselves out from being able to deliver on the proposed specification.

While other national providers could potentially have tendered for this contract the disruption would have been significant and potentially harmful to some of the children. It would also have undermined the confidence and trusting relationships with families in receipt of the support. This context was set out in the Business Case presented to and

approved by Committee; however it is acknowledged that specific reference to put aside Section 15 was omitted.

The Service will plan future procurements to ensure compliance with the requirements of the Council's Procurement Regulations and Procurement Legislation with any future direct awards only undertaken with the necessary approvals.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
Implemented	Chief Officer - IC&FS	Major at a Service Level

14.8 Performance and Budget Monitoring

- 14.8.1 The new single contractor provision has a structured quarterly reporting process and monthly monitoring meetings between the Service, C&PSS and contractor to deal with any issues which may arise. There are 26 statistical and 10 narrative KPIs in the contract, and these were reviewed against the April – June 22 quarterly report. Testing found three statistical and three narrative KPIs which did not appear to have been reported. This was highlighted to the CPSS contract manager for raising at the next contractor meeting.
- 14.8.2 The older third-party provider contracts have little or no record of ongoing monitoring. However, the professional staff in the Service have regular interaction with the clients, where any issues regarding care provision can be brought up and the client's wellbeing can be monitored. In addition, there is also a written annual review of each client's Child Plan as described in section 2.2 above which is submitted to the RAF when provision and costs are reviewed.
- 14.8.3 The Service receive regular monitoring reports and hold meetings with Finance officers to monitor actual spend against approved budgets. For the financial year 2021/22 children and young people with learning disabilities received support and care in Aberdeen from a revenue budget of £1.44m. Net expenditure after adjustments for accruals and prepayments resulted in an overspend of £79k. This was represented by an underspend in direct payments by £156,776 but an overspend in commissioned services of £207,386 partially due to clients moving from direct payments to the new Aberlour provision. There was also increased salary costs of £28,790.

AUDITORS: J Dale
A Johnston
G Flood

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the organisation.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.