



Perth & Kinross Health and Social Care Partnership

Internal Audit Report
Policy & Commissioning
PKIJB20-03 Commissioned Services:
Providers Sustainability Payments
May 2021

Final Report

Legal and Governance
Corporate and Democratic Services
Perth & Kinross Council
Council Offices
2 High Street
Perth
PH1 5PH

PKCIJB 20-03 Social Care Sustainability Payments

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1. Introduction

1.1 The audit of social care sustainability payments made to Commissioned Service Providers was undertaken as part of the Internal Audit Plan for 2020/2021, which was approved by the Audit & Performance Committee on 14 September 2020.

1.2 The indicative scope for the audit was to provide assurance over arrangements for the identification and authorisation of sustainability grants.

1.3 This audit is linked to the following [Strategic Risks](#):

SR01 - Financial Resources

SR06 – Viability of External Providers

SR07 – Insufficient Preparedness for Future COVID-19 (or other pandemic) Pressures

1.4 Whilst this audit is undertaken as part of the Internal Audit Plan for the Integration Joint Board, aspects of this review involve key processes which are undertaken by Perth & Kinross Council on the IJB's behalf. As such, this report will also be considered by Perth & Kinross Council's Audit Committee.

2. Audit Background Information

2.1 The outbreak of COVID-19 is unprecedented and the significant impacts upon businesses of all types and sizes, such as financial viability, supply chain disruption and ability to retain staff, is widely recognised. In response to this, numerous UK and Scotland-wide systems of support for businesses have been introduced.

2.2 In addition to these, and in recognition of the pivotal role played by the Social Care sector in responding to the pandemic, further targeted funding support has been made available for Commissioned Service Providers and their staff. This is to assist in ensuring the sectors future operational and financial viability.

2.3 Whilst there are 2 support schemes available, covering differing elements of costs, any additional funding provided in relation to COVID-19 is referred to generally as 'Social Care Provider Sustainability'.

2.4 The first scheme consists of funding to support Social Care providers with COVID-19-related costs, such as a reduction in occupancy due to the virus, additional staffing costs, infection prevention and control and personal protective equipment.

2.5 The second consists of funding to support workers who, due to the nature of their work or work environment, may have seen their income reduced as a result of being restricted/not being able to work for a reason relating to Coronavirus, for example through having to self-isolate. Its purpose is to ensure that social care workers do not experience financial hardship.

2.6 The Policy & Commissioning and Finance sections of the Health & Social Care Partnership are responsible for the assessment and administration of Social Care Provider Sustainability claims and payments. Payments are made by the Financial Assessment and Charging Team.

2.7 The forecast up to February 2021 projects the cost of such payments within Perth & Kinross to be circa £3.1 million.

3. Scope and Limitations

3.1 In order to arrive at an opinion on the effectiveness of controls, this audit reviewed arrangements put in place to ensure that social care provider sustainability claims were reasonable, in line with guidance, substantiated by evidence and paid out appropriately. Additional areas reviewed were around recording and monitoring processes to facilitate reclaim from the Scottish Government.

3.2 The review considered areas such as application, assessment, authorisation, recording, payment and reclaim processes.

3.3 A sample of 7 claims was analysed in detail. This sample was selected taking into consideration volumes and values of claim elements, establishment type and was representative of claims made at time of the audit commencing. It included claims for increased costs in personal protective equipment, information technology equipment, additional staffing costs, costs for occupancy/loss of income and claims made from the social care support fund.

3.4 This review was carried out remotely and consisted of analysis of documentation and interviews with relevant Officers.

4. Assessment of the Control Environment

4.1 The table below contains a summary of the findings against each control objective and Internal Audit's assessment of the adequacy and effectiveness of the controls in place to meet each of the objectives agreed for this audit. Further details, including any improvement actions, are set out in the Management Action Plan.

No.	Control Objective	Action Rating					Control Objective Assessment
		5	4	3	2	1	
1	To provide assurance over the arrangements in place in relation to social care sustainability payments			1	3	1	Reasonable assurance

4.2 The auditor has assessed that reasonable assurance can be placed on controls overall in relation to social care sustainability payments from the audit. Meaning:

There is a generally sound system of governance, risk management and control in place.

4.3 A summary of the key findings and actions are provided in section 5, please note however, the following areas of good practice which have been highlighted during the audit:

4.4 The Service worked quickly and pro-actively to set up a process to support Social Care Sustainability Providers at the beginning of the pandemic. This was achieved at a time when available resources were being deployed to support essential services during the initial response to the COVID-19.

4.5 There is evidence that the Service continued to refine arrangements as more information became available.

4.6 A good working relationship was noted between the Finance and Commissioned Services teams.

4.7 Flexibility was shown by the teams to ensure an appropriate balance between information and evidence received and placing an administrative over-burden on the suppliers. This helped also to ensure payments could be made timeously.

4.8 The Service advises that a Tayside Sustainability and Additional Payments Consortium was set up to discuss any issues, share best/common practice, and discuss some approaches concerning National providers or providers who are known to cover the Tayside area.

4.9 Additional areas of good practice/controls operating as intended have been included within the summary of findings section.

5. Summary of Findings

5.1 Below is a summary of key findings and actions, which are reflected in the Management Action Plan, detailed in section 9.

5.2 The Service acknowledges the challenges presented both for providers, and themselves, in understanding constantly evolving guidance and evidence requirements in the context of the volume of schemes available.

5.3 There is evidence of the service working with providers to ensure that they understand funding available, application and evidence requirements.

5.4 Audit sample testing suggests controls are operating effectively in preventing duplication of claims from separate funding streams and in ensuring that monies are paid out in respect of items within the scope of guidance only.

5.5 Additionally, suppliers must sign a declaration regarding honest disclosure and conformance to terms of guidance. These define actions available to the Council including application cancellation and open book retrospective auditing and repayment by the supplier as deemed necessary.

5.6 Internally, there is an assessment and authorisation process, frequent meetings to discuss applications and a tracker outlining all applications made. This tracker generally contains clear and transparent explanation for decisions made.

5.7 Whilst it is recognised that the process was introduced as a temporary measure at a time of great flux, there is currently no documented internal procedure in place which reflects the full scope of how applications are received, assessed and processed. Owing to the ongoing nature of payments, and some matters picked up during the audit around controls and responsibilities, the Service may wish to review measures and document the process internally to ensure clarity.

Action Point 1

5.8 The above point is particularly significant as it was noted within guidance that a general cap of 25% of the annual contract value for any extraordinary costs being requested should be applied, however, no control was in place at the time of the audit to ensure that this limit was not exceeded.

Action Point 2

5.9 Audit is satisfied that the Service are considering and communicating relevant changes to guidance, however, for transparency, ease of reference and auditing, the Service may wish to consider implementing a change control log for any similar projects in future. This has been highlighted to the Service as a minor issue.

5.10 Application information and evidence is currently stored in individual folders defined by supplier in generic email files by both Finance and Commissioning/Contracts Team. There is currently no access to a shared drive for both teams. Whilst the Service were able to provide evidence for each of the sample applications, it may be of benefit to investigate potential to utilise the Council Electronic Data Management Storage/SharePoint facilities to move these to a centralised repository/drive. This will assist in ensuring that information is kept in line with any storage retention and data protection requirements.

Action Point 3

5.11 There are fraud controls operating, thereby limiting potential for payments being made to fraudulent suppliers. Audit testing revealed some minor points in respect of these and this information has been shared with the Service for consideration when documenting their internal process and controls. There was, however, assurance that all applications and payments sampled were made by and paid to genuine suppliers only.

5.12 There is evidence that controls around approvals and authorisation are operating effectively.

5.13 There are payment, financial recording and monitoring controls in place, however, weaknesses in these were highlighted when the Auditor noted a duplicate payment made to a supplier.

5.14 The Services involved were quick to investigate this matter and implement appropriate controls to prevent further occurrence, investigate if this is an isolated incidence and to take reconciliatory actions to recoup monies paid out in error. The Service stated that the detailed reconciliation undertaken at year-end would have highlighted this duplicate for recovery.

Action Point 4

5.15 Actions and observations noted during the audit which were minor in their impact, but which may provide feedback to improve the control environment in the future, have been communicated directly to the Service. These are not included within the action plan but will be picked up through the minor issues log referenced.

Action Point 5

5.16 There is evidence of a drawdown process and monies having been reclaimed from the Scottish Government to cover expenses already paid out.

6. Conclusion

6.1 The Internal Audit review is able to place reasonable assurance on the overall control environment for Health & Social Care Sustainability Payments. The agreed actions, once implemented, should enable Internal Audit to place substantial assurance on these.

7. Acknowledgements

Internal Audit would like to thank all officers who were involved in this audit, particularly officers within the Policy & Commissioning, Finance and Financial Assessment & Charging teams.

8. Action Implementation & Follow up

8.1 Responsibility for the maintenance of adequate and effective controls rests with management. Where the audit has identified areas for management action, these are identified in the Management Action Plan. Where a decision is taken by management not to act in response to finding from this review, it is the responsibility of management to assess and accept the risk arising from non-implementation.

8.2 Achievement of the agreed actions is monitored through Internal Audit's 'follow up' arrangements.

9. Management Action Plan

Action Point	Para. No	Finding	Risk Rating	Agreed Action & Evidence	Action Owner	Target Completion Date
1	5.7	There is currently no documented internal procedure/process flow in place which reflects the full scope of how applications are received by the department, assessed or processed.	2 - Low	<p>Agreed action: The internal process for dealing with applications, including key control elements will be documented.</p> <p>Agreed evidence: Internal procedure document</p>	R Pollock, Team Leader – Planning & Policy	May 2021
2	5.8	<p>Guidance states that a general cap of 25% of the annual contract value for any extraordinary costs being requested should be applied.</p> <p>No control was in place at the time of the audit to ensure that this limit was not exceeded.</p>	2 - Low	<p>Agreed action: An additional step will be added to the process to check that this limit is not being breached and a retrospective check will be carried out in respect of payments already made.</p> <p>Agreed evidence: Internal procedure document & evidence of retrospective review</p>	R Pollock, Team Leader – Planning & Policy	May 2021
3	5.10	<p>Application information and evidence is currently stored in individual folders defined by supplier in generic email files by both Finance and Commissioning/ Contracts Team.</p> <p>To ensure compliance with storage</p>	2 - Low	<p>Agreed action: Work is already progressing to implement a new file structure on an appropriate drive to move evidence to</p> <p>Agreed evidence: Confirmation that a new filing structure has been implemented and is in use</p>	M Grant, Finance Team Leader	June 2021

		retention and data protection requirements the Service may wish to consider moving these to a central repository on an appropriately secured drive through use of the Council Electronic Data Management Storage/SharePoint facility.				
4	5.13 & 5.14	Audit testing revealed limitations in Assessment & Charging Team payment controls which led to a duplicate payment being made to a supplier.	3 - Medium	<p>Agreed action: The Assessment & Charging Team advises that controls have now been implemented to prevent a recurrence of this finding. A member of the Assessment & Charging Team is contacting the supplier to arrange reimbursement of the duplicate.</p> <p>Agreed Evidence: Procedure document evidencing new controls; confirmation from Services that controls are in place and documented outcomes of historic review; evidence of reimbursement of duplicate payment</p>	E MacDonald, Client Funds Co-ordinator (assessment and charging element)	June 2021
5	5.15	There were some actions and observations noted during the audit which were minor in their impact, but which may provide feedback to	1 – Minor	<p>Agreed action: The minor issues log will be considered as part of any process review</p>	M Grant, Finance Team Leader	June 2021

		improve the control environment in the future. These have been communicated directly to the Service for consideration in a minor issues log.		Agreed Evidence: Confirmation from service that the minor issues log has been reviewed and action taken where necessary		
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10. Authorisation

The auditor for this assignment was L Ferguson. The supervising auditor was J Clark.

This report is authorised for issue:

11. Distribution

This report has been distributed to:

G Paterson, Chief Officer - IJB

E Devine, Head of Health

J Smith, Chief Finance Officer – IJB

H Dougal, Clinical Director

D Mitchell, Finance Manager

Z Robertson, Service Manager (Policy & Commissioning)

C Jolly, Service Manager (Business Planning and Performance)

F Low, Business & Resources Team Leader

M Grant, Finance Team Leader

R Pollock, Team Leader – Planning & Policy

I Boyle, Contract & Commissioning Officer

E MacDonald, Client Funds Co-ordinator

Committee Services

External Audit

12. Assessment Definitions

The following table contains the definitions of the control objective assessment.

Control Objective Assessment	
Level of assurance	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

The following table contains the definitions applied by Internal Audit in rating audit findings/actions.

Risk Rating for Individual Findings		
Rating	Rating description	Definition
5	Critical	Significant observations / major concerns which require immediate action. Management will need to add these to the appropriate Service risk register <i>Issue represents a control weakness which could cause, or is causing, severe disruption of the process or severe adverse effect on the ability to achieve process objectives</i>
4	High	Significant observations regarding the absence / failure of key controls requiring urgent action. Management should consider adding these to the appropriate Service / divisional risk register <i>Issue represents a control weakness which could have, or is having, major adverse effect on the ability to achieve process objectives</i>
3	Medium	Observations regarding the effectiveness of key controls requiring reasonably urgent action. Management should consider these when updating any divisional / team risk registers <i>Issue represents a control weakness which could have, or is having, significant adverse effect on the ability to achieve process objectives</i>

2	Low	<p>Minor observations regarding the adequacy of controls which require action to improve the efficiency, effectiveness or economy of operations or which otherwise require to be brought to the attention of Senior Management</p> <p><i>Issue represents a minor control weakness with minimal but reportable impact on the ability to achieve process objectives</i></p>
1	Trivial / Minor	<p>Very minor observations which will be raised during the course of the audit and may not be included within the final report</p> <p><i>Issue represents a very minor control weakness with negligible impact on the ability to achieve process objectives. The issue will be raised during the course of the audit and may not be included within the final report.</i></p>