



Herefordshire Council

Report of Internal Audit Activity
Plan Progress 2015-16 Quarter 4

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Our audit activity is split between:

- **Operational Audit**
- **Key Control Audit**
- **Governance, Fraud & Corruption Audit**
- **IT Audit**
- **Special Reviews**

See **Appendix A** for individual audits

Role of Internal Audit

The Internal Audit service for Herefordshire Council is provided by South West Audit Partnership Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter approved by the Audit and Governance Committee at its meeting on 19 March 2015.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- School Themes
- Cross Cutting Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Other Special or Unplanned Reviews

Overview of Internal Audit Activity

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Director of Resources (Section 151 Officer) following consultation with the Senior Management Team. This year's (2015/16) Plan was presented to this Committee on 19 March 2015.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

Update 2015-16

Completed Audit Assignment in the Period

Audit Plan Progress

The summary of the Annual Plan for 2015/16 (Appendix C) highlights progress to date. Based on the findings of each review, an overall control assurance is offered. For a summary of Control Assurance Definitions, Categorisation of Recommendations and Risk Levels, please refer to [Appendix 'B'](#).

As can be seen from [Appendix 'C'](#), the following audits have been progressed to date:

Operational:

- Complete, 20 reviews - (2 Substantial, 11 – Reasonable; 6 – Partial, 1 Non –Opinion)
- Draft Report, 1 review
- Drafting Report, 1 review
- In Progress, 4 reviews

Governance, Fraud and Corruption:

- Complete, 4 reviews (Non-Opinion)

Follow Up Reviews:

- Complete, 5 reviews (Non-Opinion)

Special reviews:

- Complete, 2 reviews (Non-Opinion)

Update 2015-16

Completed Audit Assignment in the Period

Audit Plan Progress

School Themes –: Pupil Premium

- Complete - 7 reviews (1 Substantial, 5 Reasonable, 1 Non-Opinion)
- Complete - Themed review

Key Control:

- Complete , 5 reviews (3 Partial, 2 Reasonable)

ICT Reviews:

- Complete, 5 reviews (2 Non-opinion, 2 Reasonable, 1 Partial)
- In Progress, 3 reviews

Grants:

- Complete, 4 Claims,

Removed:

- 6 reviews (Elections, Energy Supply Contract, Troubled Families, Incident and Problem Management, Land Charges, Road Maintenance Follow up)

Completed Audit Assignments in the Period

Audit Plan Progress

Audits completed to final report since my last update are:

Operational

- Shaw Healthcare provider contract – Partial
- Public Health Investment and Outcomes – Partial
- Road Maintenance - Public Realm Contract Management – Substantial
- Fastershire BDUK – Reasonable
- Education, Health and Care plans – Reasonable
- Direct Payments – Partial
- Commercial Rents – Reasonable
- Planning Applications – Reasonable
- Midland Heart Care Provision – Partial

Schools (Non-Opinion)

- Prevention Fraud follow up

Special Reviews

- Statutory Returns – Non-Opinion
- Parking Permits – Non-Opinion

Key Control

- Accounts Receivable – Reasonable

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee

Report on Significant Findings

Appendix C is a summary of the Annual Plan – a list of all audits as agreed in the Annual Audit Plan 2015/16. It is important that Members are aware of the status of audits as this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

Where a review has a status of 'Completed' and has been assessed as 'Partial' or 'No Assurance' or with a 'High' corporate risk, I will provide further detail to inform Members of the key findings (Priority 4 and 5) identified. For the audits completed since my last report four audits - Shaw Healthcare provider contract, Public Health Investment and Outcomes, Direct Payments and Midland Heart Care Provision have been assessed as Partial assurance (some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives). In addition there was one priority 4 finding in the Planning Applications audit which was assessed as Reasonable.

A 'High' corporate risk was also assessed for two audits - Shaw Healthcare Provider Contract and Public Health Investment and Outcomes.

The full detail of each significant finding and the agreed management action and implementation is detailed on pages 15-26.

Shaw Health Care Provider contract – Partial

A review of the services delivered by the Shaw Healthcare (Herefordshire) Ltd and Shaw Healthcare (Community Services) Ltd for domiciliary care was undertaken to give assurance that the providers are meeting their service standards set out in their service contract agreements with Herefordshire Council. Shaw provide residential and day care, across six facilities within the county. Five of the facilities are owned by the Council and the fifth is a long-term lease; the Provider has use of the facilities to deliver the services. In addition to this, the Provider also delivers domiciliary care and other services.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

The Council has entered into a long-term contract of 30 years (commencing in 2004) for the delivery of adult social care. The contract value is currently £4,116,482 per year. Although the Council is monitoring and scrutinising the services delivered by the Provider, significant flaws exist in the contract, the most notable of which is the lack of any change protocol or mechanism to allow the Council to negotiate amendments as unanticipated changes to service requirements arise. Consequently the Council is struggling to achieve value in some services where costs are fixed, and over the remaining 18 years of the contract this could have a significant impact.

The service has already identified this and drawn up an Improvement Plan over the areas of: Domiciliary Care, Income, Extra Care Flats, Relationship Management, Maximising block purchased services, Quality Assurance, and Service Continuity.

One risk was assessed as HIGH and there was one priority 5 finding:

Review/Risks	Auditors Assessment
<p>Shaw Healthcare Care Provision (Contract Management) The Council loses flexibility in future service provision.</p>	<p>High</p>

There is no defined mechanism to amend service requirements. Although there is a contractual Annual Service Improvement Plan, this has not been provided by the Provider or requested by the Council, and does not grant the Council the ability to negotiate changes in service deliverables.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

Without a defined change protocol, the Council has very little flexibility should service requirements change. The contract is for a period of 30 years; for such a long-term agreement there should not only be flexibility to cope with anticipated changes, but also unanticipated changes over the length of the contract to cover changes in use or functionality; changes in capacity or throughput; and changes in service specifications or performance standards. The Council's service needs are likely to change over the remainder of the contract as these are influenced by government policy, legislation and changes in best practice arrangements. Consequently the Council will be paying for services that may no longer be optimal. The contract has already been signed, and the Legal department has reviewed the details. All avenues are currently being pursued and there is an Improvement Plan to document agreed actions. As the Council is pursuing every option a recommendation has not been made however, the Council does need to continue its current course of action.

In addition to the priority 5 finding there was a priority 4 finding:

- The contracted performance standards are excessively generous to the Provider. New Quality Assessment Framework standards are pending agreement with Shaw Healthcare, although these will not result in contractual incentives; a contract variation will have to be agreed and signed to confirm the new arrangements.

The contractual performance framework was established with a financial penalty of 15-20% if the percentage achievement was calculated to be below 50% (i.e. predominantly level 1 and 2 results across all areas). However, this a particularly generous arrangement to the Provider, as this level of performance would constitute a widespread breach of the minimum standards necessary to deliver the Services.

The Council's Contract, Quality and Review team and legal department are aware of the need to ensure performance is managed fairly for both parties, and these standards are no longer the predominant method for assessing performance: the Council is introducing the intelligence-led Quality Assurance Framework (QAF) as a better measure of expected standards across all care providers. Work is underway to agree the QAF with the Provider. This recommendation has been accepted by management and is targeted for completion by 29 April 2016.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

Public Health Investment and Outcomes – Partial
 The Council has been responsible for public health matters since April 2013, following national reform of the public health system. The Council had a fund of £9.35m in 2015/16 to support public health activities, with the majority of budget derived from a Department of Health grant. The Public Health team commissions activities to improve public health in the County area through both direct and internal commissioning. Consequently some activities are managed by the Public Health team directly, and others are delivered through other internal Council teams.

The focus of the audit was to provide assurance that the Council uses grant funding to discharge its public health responsibilities in compliance with Department of Health Requirements but also in line with the priorities outlined in the Health and Wellbeing Strategy.

One risk was assessed as HIGH and there were four priority 4 findings:

Review/Risks	Auditors Assessment
<p align="center">Public Health Investment and Outcomes</p> <p>Public health outcomes are not achieved, resulting in possible public criticism, external intervention, or ineffective investment in core public health responsibilities.</p>	<p align="center">High</p>

There is no strategic funding plan for all public health activities for 2014/15. Further to this the 2015/16 plan contains outline financial data only and does not set out details of how funding will achieve public health commissioning intentions. Service areas have not been given clear direction on how funding is to be used in support of public health objectives, and how public health outcomes should be monitored.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

- The Public Health Budget spreadsheet does not align to the Financial Management System (FMS). Budgets within the FMS do not clearly demonstrate where public health monies are being allocated for activities delivered by other internal Council services.
- As the budget allocations are not clearly set out, public health expenditure could not be traced fully within the general ledger.
- Responsibility for monitoring public health outcomes and indicators has not been set out; the public health indicators referenced by internal service areas may not be those deemed most important by the Director of Public Health and are not subject to regular monitoring.

All priority 4 findings have been agreed with management and will be actioned by 30 October 2016.

Direct Payments - Partial

When an individual is assessed by social care services as eligible for care and support from the council they are offered a personal budget. The personal budget can be taken in the form of a direct payment.

The council's social care case management system Frameworki is used for maintaining records of Direct Payment clients and their packages. The council currently has 660 adult direct payment and 72 pre-paid card clients receiving funds to support their care needs. A care package is agreed with the client and the Council, and they are then paid a 4 weekly sum into a dedicated bank account or pre-paid card, which they may have to contribute to as well, to meet their care needs. Clients are required to maintain a record of all spending attached with receipts and return these to the Council on a regular basis for monitoring purposes, except in the case of a pre-paid card where sample checking is scheduled to take place.

The Direct Payments process has appropriate controls in place to ensure that clients receive correct payments in a timely manner. However there are some weaknesses in the procedure to manage the recovery of surplus funds. There is also an acknowledged need for the social work teams to improve the timeliness of care reviews in order to make certain that the package awarded to service users is appropriate. Although this is not the responsibility of the direct payments function, delays could result in incorrect payments being made and an increased workload in correcting them.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

Two priority 4 findings and eight priority 3 findings were identified during this review. The two priority 4 findings are:

- Sampling showed that the annual review of care needs for recipients may not be completed promptly; significant delays were seen in some cases
- Surplus Recovery is not processed through the debtors system and although the local system has moderately good rates for collecting surpluses in the early stages, the approach is inconsistently applied. Invoices are raised in the debtors system after initial attempts have failed and sampling shows these surpluses are often not successfully recovered.

Both priority 4 findings have been agreed with management, one will be actioned by 30 September 2016, however the annual review of care needs as been reported as an ongoing process.

Midland Heart Care Provision (Contract Management) – Partial

Midland Heart provide care and support services for individuals with a learning disability. This includes provision of housing accommodation, housing related support and community care services. The contract commenced in 2008 for a period of five years, and this has now been extended to July 2016.

The Council is developing a tender process to provide these services from August 2016 after the existing contract term expires. The contract value is currently £3,341,878 per year.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

The audit review the Contract Service Standards in relation to the Midland Heart contract. The Midland Heart contract is an older contract, originally set up in 2008. The majority of issues lie with documentation and governance arrangements: the sealed contract and associated paperwork has been lost and is thought to be destroyed; contract extensions have been made outside the scope of the contract. The Council has also failed to complete the necessary paperwork to use additional services under the terms of the contract. The cost of additional (uncontracted) spot purchasing is approximately £85,000 pa.

It is acknowledged that the Contracts and Quality Review Team have already identified and are progressing a project to make improvements in the management of Adult Social Care contracts. This work, started in September 2015, is expected to consolidate the corporate knowledge of the contracts in place and enable a systematic risk-based approach to improving arrangements with individual Providers.

There were five priority 4 findings and seven priority 3 findings identified during this review. The five priority 4 findings are:

- The signed and sealed contract documents could not be located nor could the managed agreement, and have most likely been destroyed.
- No performance indicators have been documented to support monitoring of the contract.
- The Provider is delivering additional ad-hoc services requested by the Council under a spot purchasing system. However the necessary change control notices have not been completed and this expenditure consequently falls outside the scope of the contract in place.
- The Council has extended the contract an additional year, but this contract extension is outside the permitted extension period defined by the contract.
- No evidence has been found to confirm that a business continuity plan was provided prior to commencement of the contract in 2008, or at any stage during the contract.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Report on Significant Findings Continued

All priority 4 findings have been agreed with management, two have been completed and two will be completed by 31 August 2016. The priority 4 'The Provider is delivering additional ad-hoc services requested by the Council under a spot purchasing system. However the necessary change control notices have not been completed and this expenditure consequently falls outside the scope of the contract in place' has a target date of 31 July 2016 when the tender process for care services will be completed.

Planning Applications – Reasonable

The audit was assessed as reasonable but there was one priority 4 finding.

Planning Control is designed to regulate the development and use of land in the public interest. It involves the consideration of planning applications, the monitoring of development as it takes place, enforcement action where breaches of planning control have occurred and the provision of information and advice about individual proposals and the planning system generally.

The procedures around the planning application process were found to be sound in the most part and the service was assessed as Reasonable. The one priority 4 finding related to determination of applications within the 26 week timeframe under the Planning Guarantee which was introduced in 2013. Under this guarantee, applications not determined by the local authority within 26 weeks are eligible for a full refund where an extension period has not been agreed with the applicant.

- A number of applications have exceeded the 26 week Planning Guarantee; procedures to identify and progress or extend timescales for applications nearing this deadline are planned but were not in place during audit fieldwork.

The priority 4 finding has been agreed with management and will be completed by 30 June 2016.

These are actions that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

Added Value

Primarily Internal Audit is an assurance function and will remain as such. However as we complete our audit reviews and through our governance audit programmes across SWAP we seek to bring information and best practice to managers to help support their systems of risk management and control. The SWAP definition of “added value” is “it refers to extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something "more" while adding little or nothing to its cost”.

As part of a review for another authority a survey questionnaire was sent to SWAP Partner councils to establish any issues around compliance with the Planning Guarantee and interpretation of the planning legislation in respect of the Environmental Impact Assessment Regulations and their impact on compliance with the Planning Guarantee. The summary of the questionnaire has been shared with this Council.

Special Reviews

Unplanned work, special reviews or projects carried out on a responsive basis are requested by the Director of Resources (Section 151 Officer).

No special reviews have been requested since my last update.

Future Planned Work

As new and emerging risks are identified, any changes to the plan will be subject to the agreement of the Director of Resources (Section 151 Officer) with removal or deferral of audits to be formally agreed by the Audit Committee.

There has been no removal of audits. One audit Corporate Services Digital Channels was planned for quarter 4. The project is being outsourced and Internal Audit have been asked to use the audit days to attend the Digital Web Steering Group. The audit will not be complete until later in 2016-17 and will be Non-Opinion.

We keep our audit plans under regular review, so as to ensure we are auditing the right things at the right time.

Conclusion

Since my last update we have completed thirteen audits. Where low to medium control or administrative weaknesses are identified normal expectation is for reviewed areas to be assessed into the 'Reasonable' category of assurance. However, where the assessed area falls below 'Reasonable', management is expected to address the risks identified as a matter of priority and monitor their progress against the agreed action plan. Of the thirteen audits completed four have been assessed as Partial assurance and the significant findings have been reported above.

The two audits reviewing contract standards and management are part of a wider review and the review was requested as the Council recognise this is an area that requires some improvement and enhancement of the controls already in place. A summary report will be provided once all the audits are completed to Final report. Members can however take assurance that all recommendations have been agreed by management with agreed target dates for completion. Internal Audit will also complete a follow up review on all Partial assurance audits in 2016-17.

At the end of each audit review, a Customer Satisfaction Questionnaire is sent out to the service manager or nominated officer. The aim of the questionnaire is to gauge satisfaction against timeliness; quality; and professionalism. As part of the Balanced Scorecard presented to the SWAP Management Board, a target of 80% is set where 75% would represent a score of good. The current accumulative feedback for Herefordshire Council is 86%.

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Shaw Healthcare Provider Contract					
<p>Priority 5 The contract with the Provider contains no mechanism to manage changes to the service: over the course of the 30-year contract term the Council is constrained to continue with the services as originally specified.</p>	<p>The Council has annual costs of approx. £4 million with the Provider but in some instances is paying for services that are underutilised. If further changes are made to the way social care is delivered (e.g. due to changes in law or best practice) this could worsen over the remaining 18 years of the contract term.</p>	<p>The contract has already been signed, and the Legal department has reviewed the details. There is little the Council can do, although all avenues are currently being pursued. As the Council is pursuing every option and there is an Improvement Plan to document agreed actions at an operational level, no further action is recommended here. However, the Council does need to continue its current course of action</p>		<p>Ongoing</p>	<p>Director – Adults Wellbeing</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<p>The contracted performance standards are excessively generous to the Provider. New Quality Assessment Framework standards are pending agreement with Shaw Healthcare, although these will not result in contractual incentives; a contract variation will have to be agreed and signed to confirm the new arrangements.</p>	<p>The current performance standards do not encompass the most relevant areas for the Council to monitor quality effectively; a contract variation is needed to make any changes to quality monitoring.</p>	<p>I recommend that the Contracts Quality and Review Lead obtains the agreement of the Provider to amend the performance framework to the QAF, and this is formally agreed through a contract variation.</p>	<p>This is in hand and will be discussed with the provider at the next ESG.</p>	<p>27 April 2016</p>	<p>Contracts Quality and Review Lead</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Public Health Investment and Outcomes					
<p>There is no strategic funding plan for all public health activities for 2014/15. Further to this the 2015/16 plan contains outline financial data only and does not set out details of how funding will achieve public health commissioning intentions. Service areas have not been given clear direction on how funding is to be used in support of public health objectives, and how public health outcomes should be monitored.</p>	<p>If no strategic plan is in place the Council does not have clarity over the allocation of funding, how it is budgeted to various service areas, or how it is to be used to deliver public health outcomes.</p>	<p>I recommend that the Director of Public Health ensures a strategic commissioning plan to distribute public health funds to various service areas and cost centres is agreed by the Director of Adults Wellbeing and Management Board prior to each financial year as part of the budget setting process. The Strategic Plan to align with the Council's 4-year Medium Term Financial Strategy, and direct activity within public health and internal departments.</p>	<p>The Director of Public Health has statutory responsibility for the grant. He will identify the priorities for use of the grant and reach agreement with appropriate Directors regarding the outcomes required.</p>	<p>30 October 2016</p>	<p>Director of Public Health</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<p>The Public Health Budget spreadsheet does not align to the Financial Management System (FMS). Budgets within the FMS do not clearly demonstrate where public health monies are being allocated for activities delivered by other internal Council services.</p>	<p>Staff may not be clear on the element of public health funding that has been allocated to their cost centre; there is no clear audit trail to confirm the use of the public health grant; funding may not be allocated correctly within the FMS.</p>	<p>I recommend that the Director of Public Health, with the Director of Adults Wellbeing and Head of Management Accounting and Performance Lead, ensures that a consistent system that ensures that public health funding and its allocation to budget areas can be clearly identified within the financial management system and aligns to the public health strategic commissioning plan referenced in recommendation 1.1.1a. Use of a separate budget line for public health funds to be considered.</p>	<p>A distinct public health budget line will be established for all public health funds and a consistent system for financial management will be initiated.</p>	<p>1 July 2016</p>	<p>Director of Public Health & Head of Management Accounting</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<p>As the budget allocations are not clearly set out, public health expenditure could not be traced fully within the general ledger.</p>	<p>The use of public health funding could be clearly demonstrated. The certification of the portion of public health funds provided by a Department of Health grant may be difficult and time-consuming to evidence and substantiate.</p>	<p>I recommend that the Head of Management Accounting provides the Director of Public Health and Director of Resources with a breakdown of where public health monies have been used and the associated expenditure in 2015/16 by cost centre to provide assurance that the expenditure is eligible and is in line with the public health grant conditions. This should be completed before the 2015/16 outturn needs to be signed off.</p>	<p>Director of Public Health - I agree with this recommendation.</p> <p>Head of Management Accounting - Agree this needs to be evidenced. A report will be done by 31st July.</p>	<p>31 July 2016</p>	<p>Head of Management Accounting</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<p>Responsibility for monitoring public health outcomes and indicators has not been set out; the public health indicators referenced by internal service areas may not be those deemed most important by the Director of Public Health and are not subject to regular monitoring.</p>	<p>Public health grant monies may not be used effectively to support public health objectives.</p>	<p>I recommend that following the implementation of an agreed strategic commissioning plan as per recommendation 1.1.1a, the Head of Management Accounting with the support of the Performance Lead ensures a mechanism for reporting joint public health outcomes and financial information within the quarterly performance report monitored by DLT, with service managers to feed in as needed.</p>	<p>Director of Public Health - To be effective any performance monitoring report must be developed with the Director of Public Health and his senior staff as well as service leads.</p> <p>Head of Management Accounting – Public Health will be included in the 2016/17 performance reporting.</p>	<p>1 October 2016</p>	<p>Head of Management Accounting</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Direct Payments					
<p><u>Care Needs Review Timescales</u> Sampling shows that the annual review of care needs for recipients may not be completed promptly; significant delays were seen in some cases</p>	<p>If the transformation programme underway does not deliver necessary improvements promptly, the care package an individual receives may not be suitable to their needs; the Council may be providing too much or too little funding.</p>	<p>I recommend that the Assistant Director Operations and Support continues with the current transformation programme to confirm it improves the expected timeliness of social care reviews.</p>	<p>Agreed- Business Improvement & Transformation and Operational Services have an agreed programme of business change currently in progress to address this recommendation. This is a complex multi-faceted programme of work linked to system wide change. Progress is monitored through a variety of senior management performance groups including DLT, SMT & Management Board. The work is ongoing and is in part business as usual. Therefore a definitive end date cannot realistically be offered.</p>	<p>On-going</p>	<p>Assistant Director Operations and Support</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<p>Surplus Recovery is not processed through the debtors system and although the local system has moderately good rates for collecting surpluses in the early stages, the approach is inconsistently applied. Invoices are raised in the debtors system after initial attempts have failed and sampling shows these surpluses are often not successfully recovered.</p>	<p>The Council may not recover surpluses or be able to identify readily how much surplus funds it is owed.</p>	<p>I recommend that the Joint Team Manager develops and implements documented procedures to set out the timescales and procedures for recovering surplus funds. These must be in accordance with the Financial Procedures Rules requirements to bill for necessary income promptly, ensure service users are treated consistently, and ensure that the Council central finance team have correct oversight of funds owed to the Council.</p>	<p>It is agreed that documented procedures will be developed. This will be done in line with the council's corporate debt recovery process, however it should be noted that a balance on an account is not a debt until the decision is made to recover funds. It is noted that in most cases debts were raised promptly despite the documented procedures not being in place. i.e. 40% were settled within one week. It is recognised that with the formal debt recovery process being limited, it is likely to reduce prompt payment. Hoople Revenues will be asked to provide Performance</p>	<p>30 September 2016</p>	<p>Joint Team Manager</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
			management reports to cover age of debt.		
Midland Heart Care Provision (Contract Management)					
The signed and sealed contract documents could not be located nor could the managed agreement, and have most likely been destroyed.	Although the contract is near expiry, in the event of a dispute arising with the Provider the Council would need to establish the terms of the contract, and this may result in a poor outcome.	I recommend that the Contracts Quality and Review Lead ensures that the contract arising from the retendering of services due in August 2016 is kept securely throughout the life of the contract. Scanned copies should also be made as backup.	A formal protocol regarding secure storage of original contract documentation will be agreed.	31 August 2016	Contracts Quality and Review Lead
No performance indicators have been documented to support monitoring of the contract.	Without agreed performance information the Council may not identify poor performance; necessary improvements to service delivery may not be made.	I recommend that the Joint Commissioning LD & MH Manager ensures an appropriate set of performance metrics are included in the retender of services due in Summer 2016, although there should be flexibility to amend these with the agreement of both parties as the contract progresses.	PIs, KPIs, and the appropriate mechanism to amend these during the life of the contract have already been established and utilised within the retender process during March/April 2016.	Complete	Joint Commissioning LD & MH Manager

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<p>The Provider is delivering additional ad-hoc services requested by the Council under a spot purchasing system. However the necessary change control notices have not been completed and this expenditure consequently falls outside the scope of the contract in place.</p>	<p>The Council has spent approximately £85,000 in 2015/16 on services outside the scope of a contract.</p>	<p>I recommend that the Joint Commissioning LD & MH Manager ensures that provision for spot purchasing is included in the retendering of care services due in the Summer of 2016.</p>	<p>The Joint Commissioning LD & MH Manager will ensure that the appropriate procedural means to 'spot purchase' are confirmed within the new contract.</p> <p>Where any changes are made to the contract the Contracts Quality and Review Lead will ensure that procedures are in place to process Contract Control or Variation notices as required.</p>	<p>31 July 2016</p>	<p>Joint Commissioning LD & MH Manager</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
<p>The Council has extended the contract an additional year, but this contract extension is outside the permitted extension period defined by the contract.</p>	<p>The Council may not achieve value for money and has not complied with expected governance arrangements</p>	<p>I recommend that the Contracts Quality and Review Lead ensures that forecasting arrangements within adult social care to identify contracts due to expire are identified in good time to prepare for tendering and avoid contract extensions where these are out of scope of the contract.</p>	<p>A new contract pipeline is in place to identify contracts in good time. This is also an agenda item within commissioning Senior Management Team (SMT) monthly meetings.</p>	<p>Complete</p>	<p>Contracts Quality and Review Lead</p>

High Priority Findings and Recommendations (Priority 4 or 5 only)

Note: Priority scores are how important they are to the service, not at a corporate level.

Weakness Found	Risk Identified	Recommendation	Management's Agreed Action	Agreed Date of Action	Responsible Officer
Planning Applications					
<p>A number of applications have exceeded the 26 week Planning Guarantee; procedures to identify and progress or extend timescales for applications nearing this deadline are planned but were not in place during audit fieldwork.</p>	<p>Applications not determined within 26 weeks are eligible for a full refund if an extension has not been agreed with the applicant; in the case of a major application this could be a significant sum of money.</p>	<p>I recommend that the Head of Regulatory and Development Management Services, in liaison with the Lead Development Manager and the Technical Support Manager, ensures that monitoring of applications identifies any that are approaching the Planning Guarantee deadline and targets these to ensure they are decided before a refund may become payable or an extension is agreed with the applicant.</p>	<p>A performance report will be presented to the head of service and DM service managers at their monthly performance meetings. In this way an action diary entry will be populated on Civica to alert officers to an impending target date so that extensions can be agreed. Managers will monthly review this list to ensure that case officers are alerted to approaching deadlines so that they can ensure the extension of times.</p>	<p>End of June 2016 - Update 23 June action completed.</p>	<p>Lead Development Manager for report. Technical Support Manager to resolve action diary.</p>