

Final Internal Audit Report

Statutory returns - Data Analysis and Understanding

November 2024

Distribution: Director of Operations, Adult social Care and Health
 Director of Commissioning, Policy & Improvement
 Head of Finance, Adult Social Care and Health
 Corporate Director, Adult Social Care and Health
 Director Finance and Deputy S151
 Corporate Director, Resources & S151 (final only)

Assurance Level	Issues Identified	
Substantial Assurance	Priority 1	0
	Priority 2	3
	Priority 3	0

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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3. Statement of Responsibility

1. Introduction

- 1.1 Croydon Council's Adult Social Care and Health (ASCH) team make a number of returns to various bodies including the NHS and Department for Levelling Up, Housing & Communities (DLUH&C). Key returns include: the Short and Long Term (SALT) Data Return, the Adult Social Care Outcomes Framework (ASCOF) and the Adult Social Care Activity and Finance Report (ASC-FR). Also key are the Revenue Account (RA), Revenue Outturn (RO); however, Adult Social Care are only part of these returns.
- 1.2 The returns are submitted annually to the NHS and DLUH&C by uploading to the NHS Digital and DLUH&C website. Guidance, information and templates for the Councils use are found on the NHS Digital website.
- 1.3 All returns are reviewed and approved by the Corporate Director of Adult Social Care and Health or the Director of Operations before submission, and regular checks and reviews are undertaken throughout the whole collection and submission process by the ASCH DMT.
- 1.4 RA and RO returns (as detailed above) are Council wide budgets and outturns, which include details for the ASCH directorate. Details about ASCH are provided by the Head of Finance – ASCH with the first cut released in June and the final in October each year.
- 1.5 The SALT data collection is a set of measures co-produced with stakeholders across the Council. It has two main sections, relating to requests for social care support and provision of short-term support (described in the guidance as STS measures) and service users and carers receiving eligible support (described as LTS measures).
- 1.6 ASC-FR returns capture unit costs, gross and net expenditure for short and long terms care, number of support requests received and support provided.
- 1.7 Prior to finalisation of costs within these returns, multiple reconciliations between data sets of the returns and the various systems used are performed.
- 1.8 The returns submitted by Croydon for 2022/23 detailed that the net expenditure incurred on ASCH amounted to £137,836,000 to provide support for 1,855 carers, 5,355 long-term support and 13,260 potential new clients for which requests were received.
- 1.9 While our review and testing were performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.10 It should be noted that this audit was a review of the process for compiling, review and approval of the selected returns by deadlines. It was not a review of the accuracy and legitimacy of the data within these returns.
- 1.11 This audit was undertaken as part of the agreed Internal Audit Plan for 2023/24. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

- 2.1 It should be noted that while a Substantial Assurance has been given, the issues identified are sufficiently serious, that if not resolved will result in a Limited Assurance being provided in the future.
- 2.2 The key issues identified are as below:

Priority 2 Issues

Evidence of submission of ASCS, ASCFR, SALT, RA and RO returns within the regulatory timeframes was not retained by the Council. Internal timescales for processing the returns were defined but not documented by the Council. **(Issue 1)**

Evidence of approval of draft and final versions of the five returns (ASCS, ASCFR, SALT, RA and RO) and changes to these returns was not retained and/or located. **(Issue 2)**

All versions of the five returns reviewed and supporting data were retained partly on SharePoint, P-Drive and on individual team members' laptops and emails i.e. these were not held in a central location. **(Issue 3)**

No Priority 3 issues were raised in this review.

3. Actions and Key Findings/Rationale

Control Area 2. Timeliness of Submission of Return

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 1				
2	<p>The details of this issue will be shared with the ASC&H Performance Board meeting so that timetables are put in place going forwards.</p> <p>With effect from 2024/25 SALT returns have been ceased and replaced with a new quarterly return Client Level Data.</p> <p>All identified controls will now be applied to this new data set.</p> <p>Data will be approved prior to submission by ASCH Performance Board, and the Corporate Director.</p>	<p>Expected Control</p> <p>Regulatory timelines for ASCS, ASCFR, SALT, RA and RO returns are understood and communicated within the Council. A timetable is maintained to monitor these submission of these and help ensure that these are submitted on time.</p> <p>Defined internal timescales for developing, reviewing, reconciling, and approving the returns in advance of these deadlines are documented and understood. Evidence of discussion of progress of these returns with the Director of Operations is maintained alongside evidence of timely submission.</p> <p>Finding/Issue</p> <p>Examination of the NHS Digital platform for the ASCS, ASCFR and SALT returns for 2022/23 confirmed that these were uploaded on the portal. While it was advised that all returns were submitted on time, the evidence of submission of these returns on the various portals within the regulatory timeframes was not maintained by the Council. Similarly, no evidence of submission for the RA and RO returns to DLUH&C was not evidenced.</p> <p>The Acting Finance Manager explained that for the ASCFR, while deadlines may have been communicated a formal timetable was not maintained. Similarly for the other returns, while deadlines may have been discussed at the respective DMT Performance meetings, formal timetables were not evidenced.</p> <p>Risk</p> <p>Where the Council does not have an internal timescale for the submission of the returns, progress of preparing the returns is not tracked leading to potential delays in processing and submissions of regulatory returns resulting in incorrect data being published.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Director of Operations, Adult social Care and Health</td> <td>31/01/2025</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Director of Operations, Adult social Care and Health	31/01/2025	
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Director of Operations, Adult social Care and Health	31/01/2025					

Control Area 4. Monitoring and Oversight

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 2				
2	<p>The details of this issue will be shared with the ASC&H Performance Board meeting so that sign off is properly evidenced.</p> <p>With effect from 2024/25 SALT returns have been ceased and replaced with a new quarterly return Client Level Data.</p> <p>All identified controls will now be applied to this new data set.</p> <p>Data will be approved prior to submission by ASCH Performance Board, and the Corporate Director.</p>	<p>Expected Control</p> <p>Approval of draft and final versions of returns (i.e. ASCS, ASCFR, SALT, RA and RO) by the Corporate Director and Director of Adult Social Care and Health is obtained (and retained) by the ASCH Finance team along with evidence of approval of any changes to these returns before these are uploaded to the NHS Digital and/or DLUH&C websites</p> <p>Finding/Issue</p> <p>For three of the returns (ASCS, ASCFR and SALT) reviewed from years 2020/21 to 2023/24, it was explained that these returns were all approved at sign-off meetings by the Corporate Director and/or the Director of Adult Social Care and Health. However, evidence of these approvals, or amendments agreed to the returns, was not retained (in the form of meeting minutes/actions or by e-mails or other sign off.)</p> <p>The RA and RO are required to be agreed at CMT, but evidence of CMT approval was not located.</p> <p>Risk</p> <p>If returns, or changes to returns, are not evidenced as approved prior to submission, there is a risk of a lack of clarity over what is being submitted and the return potentially being disputed due to this.</p>				
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Control Area 4. Approvals and Change Controls

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 3				
2	<p>The details of this issue will be shared with the ASC&H Performance Board meeting so that a standard storage solution is adopted.</p> <p>With effect from 2024/25 SALT returns have been ceased and replaced with a new quarterly return Client Level Data.</p> <p>All identified controls will now be applied to this new data set.</p> <p>Data will be approved prior to submission by ASCH Performance Board, and the Corporate Director.</p>	<p>Expected Control</p> <p>All versions of the returns and supporting data are retained in one place i.e. the P-drive or SharePoint for each return. These are retained for defined periods.</p> <p>Finding/Issue</p> <p>The Adult Social Care & Housing Performance & Intelligence Manager explained that there was no central place where each of the five returns i.e. ASCS, ASCFR, SALT, RA and RO returns were stored, with SharePoint, the P-Drive, and team members’ laptops and emails being used.</p> <p>Evidence of storage of the data supporting the ASCS and SALT returns was not provided during this review and thus assurance on the efficient storage and retention of data related to these returns cannot be provided.</p> <p>Risk</p> <p>Where all versions of the returns and supporting data are not consistently centrally stored, there is a risk that the data is lost, or inaccurate version/ data is being used which may result in duplication of efforts, delays and/ inaccuracies in the returns submitted to regulators.</p>				
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AUDIT TERMS OF REFERENCE

Statutory returns – Data Analysis and Understanding

1. INTRODUCTION

- 1.1. The Council's Adult Social Care & Health (ASCH) team has four important statutory returns published namely, the Revenue Account and Revenue Outturn (RA and RO), the Short and Long Term (SALT) Data Return, the Adult Social Care Outcomes Framework (ASCOF) and the Adult Social Care Activity and Finance Report (ASC-FR).
- 1.2. RA and RO returns are Council wide budgets and outturns, which include details for ASCH directorate. Details about ASC are provided by the Head of Finance – Adult Social Care & Health (ASCH) with the first cut released in June and the final in October.
- 1.3. The SALT data collection is a set of measures co-produced with stakeholders across the Council. It has two main sections, relating to requests for social care support and provision of short-term support (described in the guidance as STS measures) and service users and carers receiving eligible support (described as LTS measures).
- 1.4. ASCOF and SALT reports capture performance details of the Council. A number of the measures within ASCOF draw on data from the SALT data collection.
- 1.5. ASC-FR returns capture unit costs, gross and net expenditure for short and long terms care, number of support requests received, and support provided, in line with the details within SALT Data return. Both these returns are completed through NHS Digital platform.
- 1.6. Prior to finalisation of costs within these returns, multiple reconciliations between data sets of the returns and the finance system are performed by the Finance team of ASCH.
- 1.7. The ASC-FR return submitted by Croydon for 2022/23 detailed that the net expenditure incurred on ASC amounted to £137,836,000 to support 1,855 carers, 5,355 long-term support and 13,260 requests received from new clients for support.
- 1.8. This audit is part of the agreed Internal Audit Plan for 2023/24.

2 OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
- Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls; and
 - Report on these accordingly.

3. SCOPE





- 3.1 This audit, focused on the Council’s arrangements in relation to the Statutory Returns - Data Analysis and Understanding and was undertaken as part of the 2023/24 Internal Audit Plan. The specific scope included the following areas and recommendations:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Regulatory, Organisational and Management Requirements	0	0	0
Timeliness of Submission of Returns	0	1	0
Reconciliations of Data with Financial Data and Other Systems	0	0	0
Approvals and Change Controls	0	1	0
Monitoring and Oversight	0	1	0
Total	0	3	0

Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Statement of Responsibility

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

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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