

# Final Internal Audit Report

## Placement Sourcing – Working Age Adults

September 2024

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

### Confidentiality and Disclosure Clause

This report ("Report") was prepared by Forvis Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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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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**Executive Summary**

1. Introduction	3
2. Key Issues	4

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**Detailed Report**

3. Actions and Key Findings/Rationale	5
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**Appendices**

1. Terms of Reference
2. Definitions for Audit Opinions and Identified Issues
3. Statement of Responsibility

## **1. Introduction**

- 1.1. London Borough of Croydon (the Council) provide three core services in relation to the placements of vulnerable adults, this includes supported living, residential and nursing. The Council had 832 residential, 438 supported living and 436 nursing placements at the time of audit, with a combined annual care cost £103 million. The Placements Team, responsible for reviewing placement opportunities and working with social workers, has seven staff members and is led by the Head of Adults Placement, Brokerage and Market Management.
- 1.2. The Care Act 2015 outlines the responsibility of the local authority in commissioning effective procurement, tendering and contract management that focuses on providing high quality services to support individual's well-being.
- 1.3. The Council provides a placement service for placing adults with care and support needs in residential, nursing and supported living services. The Placements Team support people with various needs including disabilities, health conditions and long-term illnesses. Placement Officers use their experience to help source the best support solutions available to achieve maximum independence and meet the identified needs and outcomes as agreed between the social workers and users.
- 1.4. As well as understanding disability, needs and culture, Placement Officers have the knowledge to make use of the best resources currently available to match with the service user's own personal and financial circumstances. In addition, Placement Officers can liaise with the service users support network (which could include family, friends, service providers, and local funding agencies) and their social workers to help plan and manage support solutions.
- 1.5. Adult Social Care (ASC) users may receive funding as a managed personal budget or as a direct payment to enable them to buy their own services and support. The service users may get help with managing their personal budget/direct payment and access relevant information through brokerage and advocacy services. Local support brokers can provide one-to-one support or additional continuous support for those relevant professionals, or support by phone, or online.
- 1.6. The CareCubed tool has been implemented to support the delivery of Medium-Term Financial Strategy (MTFS) savings in ASC by enabling local area evidenced market cost analysis, during negotiations with providers on care and support provision in a placement (Residential, Nursing and Supported Living). The implementation of CareCubed also supports the Cost of Care Strategy in ASC – where providers request fee uplifts above the percentage being offered, the tool is used to do right size/right price review of the relevant packages.
- 1.7. Across the team there are seven placement officers who, as per the Weekly Brokerage Report dated 3 July 2024, were managing 84 open cases. All suppliers who pass assessments are presented to the Practice & Quality Assurance Panel for approval.

- 1.8. While this review and testing were performed in person and remotely, all relevant documents required to complete the review were obtained.
- 1.9. The audit was undertaken as part of the agreed Internal Audit Plan for 2024/25. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

## 2. Key Issues

### Priority 2 Issues

Examination of a sample of 16 suppliers sourced for placements of vulnerable adults between January 2024 and June 2024 found that documents evidencing cost analysis were not available in 11 cases and evidence of Practice & Quality Assurance Panel approval was not available in four cases. **(Issue 1)**

Examination of a sample of 16 suppliers sourced for placements of vulnerable adults between January 2024 and June 2024 found that Individual Placement Agreements (IPAs) with suppliers were not available in nine cases. **(Issue 2)**

One priority 3 issue has been identified.

**3. Actions and Key Findings/Rationale**

**Control Area 3: Cost Negotiation**

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 1
2	<p>1. That all cases will have evidence on cost negotiation through the use of care cubed and attached to Practice &amp; Quality Assurance panel. New system to be in placed by 23/09/2024. A one-page costing analysis form will be attached to panel application forms(including care cubed analysis)</p> <p>2. Email sent to all staff to re-clarify that panel applications need to be updated on system before placement agreed and budget approved on system. Email sent to relevant colleagues on 18/09/2024.</p>	<p><b>Expected Control</b></p> <p>The Placements Process Procedures for Supported Living and Residential and Nursing Community, dated January 2024, states that the social worker is to attend Practice &amp; Quality Assurance Panel/or seek Practice &amp; Quality Assurance Panel approval in emergencies with the agreed costs.</p> <p>Practice &amp; Quality Assurance Panel approval for each placement is retained and there is retention of the cost/quality analysis performed.</p> <p><b>Finding/Issue</b></p> <p>Examination of a sample of 16 suppliers (sourced for placements of vulnerable adults between January 2024 and June 2024) found that documents evidencing cost analysis were not available in 11 cases (supplier reference numbers: 2024780, 4107, 4022431, 4022104, 2086256, 5530, 111799, 25208, 2063538, 2290814, 2223204). No reasons for these omissions was provided.</p> <p>Additionally, evidence of Practice &amp; Quality Assurance Panel approval / discussion notes was not available in four cases (supplier reference numbers: 2086256, 111799, 25208, 2063538). It was established that these four cases had been dismissed by the Practice &amp; Quality Assurance Panel and later approved by the relevant Social Worker and Team Manager.</p>

Responsible Officer	Deadline	Risk
Head of Adult Placement & Brokerage & Market Management	23/09/2024	Where evidence of cost analysis and approvals and/ discussions are not retained this may cause more expensive suppliers to be selected.

#### Control Area 4: Placement Formalities

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 2
2	<p>1. From 23/09/2024 all Residential/Nursing home placements irrespective on who sourced these will have an IPA. This will be monitored by the Placement &amp; Brokerage Manager</p> <p>2. New IPA/agreement to be put in place specifically for Supported Living &amp; Respite cases. New form to be designed and put in place by 01/02/2025.</p>	<p><b>Expected Control</b></p> <p>The Individual Placement Agreement (IPA) is a contract between the Contracting Authority and the Provider to supply services for a vulnerable adult.</p> <p>The Placements Process Procedures for Supported Living and Residential and Nursing Community, dated January 2024, states that once a vulnerable adult has arrived and settled at the placement, an IPA is sent to the provider i.e. supplier. It further states that ensure all relevant correspondence is diary noted on the client Liquidlogic’s Adult Social Care System (LAS) case notes.</p> <p><b>Finding/Issue</b></p> <p>Examination of the documentation held for a sample of 16 suppliers sourced for placements of vulnerable adults between January 2024 and June 2024 found that:</p> <ul style="list-style-type: none"> <li>IPAs with suppliers were not found in four cases (supplier reference number: 2024780, 4107, 4022431, 2086256). The Adult Placement &amp; Brokerage &amp; Market Manager explained that these cases were managed by the respective social workers and the payment terms would also be also agreed by them. This means the</li> </ul>

Responsible Officer	Deadline	
Placement & Brokerage Manager (IPAS for RH &NH)	23/09/2024	<p>current process of performing a cost analysis and entering into a Service Level Agreement (SLA) i.e. IPA was not performed for these cases.</p> <ul style="list-style-type: none"> <li>Contracts / SLAs were not available for two respite cases (supplier reference number: 111799, 4022104) and three supported living cases (supplier reference number:2063538, 2290814, 2223204). Whilst IPAs are not legislatively required, there has been no introduction of a substitute document to outline the placement agreement.</li> </ul>
Kaye Carter/ Head of Adult Placement & Brokerage & Market Management (IPA Respite & Supported Living)	01/02/2025	<p><b>Risk</b></p> <p>Where placements are agreed by social workers without an IPA, there is a risk of breach of the underlying policy and a lack of consideration for value for money which may impact the Council financially.</p>

#### 4. Priority 3 Issues

Agreed action	Findings
<p><b><u>Control Area 3: Cost Negotiation</u></b></p> <p><b><u>Action proposed by management:</u></b></p> <p>Email to be issued to all staff confirming that the Practice &amp; Quality Assurance panel agrees all spend for packages of care and that all cases should follow the agreed procedures.</p> <p><b><u>Responsible Officer:</u></b> Head of Adult Placement &amp; Brokerage &amp; Market Management</p> <p><b><u>Deadline:</u></b> 18 September 2024</p>	<p><b>Expected Control</b></p> <p>The Council has determined and documented the monetary limits where the Practice &amp; Quality Assurance Panel is required to provide approval. The mechanisms for approval below the de-minimis Practice &amp; Quality Assurance Panel approval level are clearly documented.</p> <p><b>Issue/Finding</b></p> <p>The Adult Placement &amp; Brokerage &amp; Market Manager explained that the Practice &amp; Quality Assurance Panel dismisses lower value cases, which may be approved by the Social Worker and Team Manager. However, a monetary threshold for such lower value cases was not defined and thus, all cases were presented to Practice &amp; Quality Assurance Panel, which would, at its discretion, dismiss the lower value cases.</p> <p><b>Risk</b></p> <p>Where a monetary limits for submission to Panel is not considered, there may be delays and inefficiencies.</p>



# AUDIT TERMS OF REFERENCE

## Placement Sourcing – Working Age Adults

### 1. INTRODUCTION

- 1.1 Croydon Council (the Council) provides a placement service for placing adults with care and support needs in residential, nursing and supported living services. The Placements Team support people with various needs including amongst other disabilities, health conditions and long-term illnesses. Placement Officers use their experience to help source the best support solutions available to achieve maximum independence and meet the identified needs and outcomes as agreed between the social workers and users. As well as understanding disability, needs and culture, brokers Placement Officers have the knowledge to make use of the best resources currently available to match with the service user's own personal and financial circumstances. In addition, brokers Placement Officers can liaise with the service users support network (which could include family, friends, service providers, and local funding agencies) and their social workers to help plan and manage support solutions.
- 1.2 ASC users may receive funding as a managed personal budget or as a direct payment to enable them to buy their own services and support. The service users may get help with managing their personal budget/direct payment and access relevant information through brokerage and advocacy services. Local support brokers can provide one-to-one support or additional continuous support for those relevant professionals, or support by phone, or online.
- 1.3 The Council is committed to delivery high quality services across the citizens and partners of Croydon. The Care Act 2015 highlighted the responsibility of the local authority in commissioning effective procurement, tendering and contract management that focuses on providing high quality services to support individual's well-being.
- 1.4 The CareCubed tool has been implemented to support the delivery of MTFs savings in ASC by enabling local area evidenced market cost analysis, during negotiations with providers on care and support provision in a placement (Residential, Nursing and Supported Living). The implementation of CareCubed also supports the Cost of Care Strategy in ASC – where providers request fee uplifts above the percentage being offered, the tool is used to do right size/right price review of the relevant packages.
- 1.5 The audit will focus on placements made by the Council from April 2024.
- 1.6 This audit is part of the agreed Internal Audit Plan for 2024/25.

### 2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit for each control / process being considered:

- Walked-through the processes to consider the key controls;
- Conducted sample testing of the identified key controls, and
- Reported on these accordingly.

### 3. SCOPE





3.1 This audit, focused on Placement Sourcing – Working Age Adults, was undertaken as part of the 2024/25 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
Competitive, Business and Strategic intelligence	0	0	0
Cost Negotiation	0	1	1
Placement Formalities	0	1	0
Management Reporting	0	0	0
<b>Total</b>	<b>0</b>	<b>2</b>	<b>1</b>

## 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:

<b>Priority 1 (High)</b>	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
<b>Priority 2 (Medium)</b>	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
<b>Priority 3 (Low)</b>	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 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.

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