

# Final Internal Audit Report

## Brokerage

April 2018

**Distribution:**

- Executive Director of Resources (Final only)
- Executive Director of People (Final only)
- Interim Director of Commissioning and Procurement
- Director of Adult Social Care and All-Age Disability
- Head of Older People Commissioning and Brokerage Phase 2
- Contract Monitoring and Placement Team Manager
- Brokerage Manager

Assurance Level	Recommendations Made	
<b>Limited Assurance</b>	Priority 1	2
	Priority 2	3
	Priority 3	5

### Status of Our Reports

This report ("Report") was prepared by Mazars Public Sector Internal Audit Ltd 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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## **1. Introduction**

- 1.1 The Brokerage Service provides domiciliary care to those over the age of 65 and for some under 65s. When the Brokerage support team receive a new placement or amendment to a package from a care manager it is logged and passed to the other half of the Brokerage team.
- 1.2 The Brokers then use a costing program to calculate the cheapest provider from a list of Integrated Framework Agreement (IFA) providers. The Broker contacts each provider starting with the cheapest and notes whether they have the capacity for the client.
- 1.3 Schedules with planned hours for providers are sent to the care providers at the start of each week. These are then returned to the Council with amended 'actual' hours of care provided to clients. This is then reconciled against the planned hours to ensure there have been no unauthorised additional hours provided.

## **2. Key Issues**

### **Priority 1 Issues**

It was confirmed that providers outside of the signed Integrated Framework Agreement (IFA) were being used regularly for care provision of clients. **(Issue 1)**

There was no evidence provided of inspections having occurred at three of the five providers sampled. **(Issue 3)**

### **Priority 2 Issues**

From a sample of ten complaints tested since February 2017, there were three cases which had not be correctly recorded. **(Issue 2)**

From a sample of ten complaints tested since February 2017, there were five cases where the inspection had taken over 20 days to resolve and one case where there was no evidence of a response to the complaint. **(Issue 4)**

During the audit it could not be confirmed that the Brokerage service has KPIs to monitor officers' work. **(Issue 5)**

Priority 3 issues are included under item 4 below.

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

<b>Control Area 2: Framework of Contracts and Supplier Management</b>		<b>Detailed Finding/Rational – Issue 1</b>
<b>Priority</b>	<b>Action Proposed by Management</b>	
1	As discussed with auditors at the time the state and nature of the social care market currently means that the IFA does not meet the increased demand needs of our residents. Therefore in order to comply with statutory care act duties we have to go off contract. In addition, while we encourage legacy providers to pay LLW, to ensure this would cost the council in excess of 1m a year. This has been logged with directors and members. In mitigation we have made various interventions including call offs block deals etc. But only a full refresh or new contractual framework will solve this problem. This is being scoped for some time in 18/19.	<p>A report to Cabinet dated 15 September 2014 detailed that, 'The Council, in partnership with the Clinical Commissioning Group, has undertaken a procurement exercise in compliance with the requirements of the Public Contracts Regulations 2006 (as amended) and the Council's Tenders and Contracts Regulations to establish an Integrated Framework Agreement (IFA) for care, support and health related services to enable people to live independently in the community and/or stay within their home. The IFA is intended to provide an integrated approach to purchasing these services to ensure that the needs of vulnerable service users are met in a holistic way.'</p> <p>During the audit it was established that 441 of the currently active clients had been placed with 'Legacy providers' subsequent to the IFA coming into effect in 2014, (204 of these clients were placed since March 2017). While exemption from the Council's Tenders and Contract regulations was obtained for placements under the IFA, this does not extend to the legacy providers. Furthermore, discussion established that, although contracts would have been agreed with these suppliers when there were originally taken on, these had not been subsequently renewed or revised.</p> <p>The Council's Tenders and Contract regulations have been breached. Furthermore, because the contracts have not been revised, these will not contain the Council's current core conditions of contract, including the requirement for providers to pay their employees the London Living Wage.</p>
<b>Responsible officer</b>	<b>Deadline</b>	
Head of Older People Commissioning and Brokerage Phase 2	April 2019	

<b>Control Area 5: Qualitative and Quantitative Monitoring</b>	
<b>Priority</b>	<b>Action Proposed by Management</b>
2	<p>Complaints training is in place and we have refreshed our processes and procedures.</p>
	<p><b>Detailed Finding/Rational – Issue 2</b></p> <p>Complaints are required to be recorded on the SWIFT system, as well as the SharePoint complaints page. When a complaint is closed, the SWIFT and SharePoint records are required to be updated to reflect this and a document, containing all the correspondence relating to the complaint, attached to SWIFT.</p> <p>Testing of a sample of ten complaints since February 2017 found that:</p> <ul style="list-style-type: none"> <li>• One case had not been closed on SWIFT and did not have the supporting correspondence documents attached; and</li> <li>• Two cases where SWIFT detailed that the complaint had been closed but SharePoint did not reflect this.</li> </ul> <p>Where complaint records are not accurately maintained, there is a risk that officers are unaware of open complaints and these remain open indefinitely. This could lead to issues cumulating and clients' health and wellbeing being put at risk.</p>
<b>Responsible officer</b>	<b>Deadline</b>
Head of Older People Commissioning and Brokerage Phase 2	Completed

<b>Priority</b>		<b>Action Proposed by Management</b>	<b>Detailed Finding/Rational – Issue 3</b>
1	Our market management duties under the care act require us to be responsible for all regulated social care provision in the borough regardless of whether we use them or not. Funding the duty takes no account of the size of the market and we have over 250 providers (by comparison Westminster has 8). We have a highly rated (London ADASS) dedicated team of monitors but there are currently only 4 FTE's who also have safeguarding duties. That means our cycle of monitoring take 18 months at least to complete. However we are currently looking at ways of increasing the resource.	<p>A document entitled 'Managing the Integrated Framework agreement' produced by Strategy Commissioning and Communities states that ICU Contract Managers and Commissioners would be responsible for a number of activities including:</p> <ul style="list-style-type: none"> <li>• 'Co-ordinate information, ensure all information is in one place to analyse. Monitoring information will come from several different sources (brokerage, safeguarding, provider, monitoring officer visits)'</li> <li>• 'Work with the ICU contract monitoring team to ensure the contract is being monitored.'</li> <li>• 'Develop the service specifications and outcomes/KPI for the service to be delivered.'</li> </ul> <p>Examination of the records held for a sample of five care providers where clients are currently placed, found that for three of these care providers there was no evidence of any inspections being conducted.</p> <p>Where care providers are not inspected, the Council does not have assurance that the services being provided are of the standard expected and clients may be at risk of harm or neglect. There is also a risk that the care provision is not of Care Quality Commission standards and the council is reported to the secretary of state for poor care provision.</p>	
	<b>Responsible officer</b>	<b>Deadline</b>	
	Head of Older People Commissioning and Brokerage Phase 2	April 2019	

<b>Priority</b>		<b>Action Proposed by Management</b>	<b>Detailed Finding/Rational – Issue 4</b>
2	Complaints training is in place and we have refreshed our processes and procedures.		<p>The Council's 'Complaint Policy and Procedure' document states that <i>'The Target time for a response, is 20 working days from the receipt of the complaint'</i>.</p> <p>Examination of the supporting documents relating to a sample of ten complaints established that:</p> <ul style="list-style-type: none"> <li>• In one case a complaint was received on 9 June 2017 and was still open at the time of audit (in August 2017);</li> <li>• Four complaints took 84, 32, 30 and 23 working days to be resolved and responded to; and</li> <li>• A copy of the response letter to the complainant could not be located for one complaint to confirm the close date.</li> </ul> <p>Where complaints are not logged and resolved in a timely manner, there is a risk that the issues raised intensify. This could be significant where the issues relate to vulnerable clients and the level and quality of care being provided.</p>
	<b>Responsible officer</b>	<b>Deadline</b>	
	Head of Older People Commissioning and Brokerage Phase 2	Completed	

**Control Area 6: Management and Performance Reporting**

<b>Priority</b>	<b>Action Proposed by Management</b>	<b>Detailed Finding/Rational – Issue 5</b>
2	We are implementing KPI's in 18/19.	<p>Service level key performance indicators (KPIs) allow management to ensure that the service is running appropriately and enable performance to be monitored on a comparative basis across periods.</p> <p>During the audit it was established that there was no performance monitoring or KPIs for the Broker Support or the Brokerage team, apart from standard individual appraisal based targets. Discussion established that this was being progressed.</p> <p>Where performance is not appropriately monitored and tracked across periods using an agreed set of KPIs, there is a risk of low performing employees and areas of service lines not being identified.</p>
<b>Responsible officer</b>	Head of Older People Commissioning and Brokerage Phase 2	
	<b>Deadline</b>	
	June 2018	



**4. Priority 3 Issues**

<b>Action Proposed by Management</b>	<b>Findings</b>
<p>a) All processes will be reviewed for Alliance purposes</p>	<p>In order to ensure that service provided is in line with legal requirements and best practice, procedure guidance is regularly reviewed and updated. The name of the reviewer and that date should be noted in the document.</p> <p>During testing, it was established that the procedure guidance, 'Checklist for Uploading Weekly Schedules' had not been evidenced as reviewed within the past year and that the document Provider contact details personal care lot February 2015 was outdated. The 'Brokerage Complaint Procedure' document appeared to be up to date with respect to the complaints process, however this did not detail the date of last update or the author.</p> <p>Where procedure documents are not regularly reviewed, there is a risk that staff are following outdated guidance which may result in them not performing their jobs to the expected or legal standard.</p>
<p>b) All processes will be reviewed for Alliance purposes</p>	<p>The 'Referral Logging Form' is used to log and monitor the progress of new care plans and amendments of plans from when Broker Support receive the request to when the Brokerage team finalise the request.</p> <p>Observation of the Referral Logging Form established that there were some instances where officers had not fully completed all the fields of certain cases and no reasoning had been provided for this. For instance:</p> <ul style="list-style-type: none"> <li>• The Care manager and Team were not recorded for a case on 24 February 2017;</li> <li>• The date picked up, date and time placed and provider were not recorded for a case on 28 March 2017;</li> <li>• The Care manager was not recorded for a case on 30 March 2017;</li> <li>• The Care manager was not recorded for a case on 25 March 2017; and</li> <li>• The Care manager was not recorded for a case on 27 February 2017.</li> </ul>

	<p>Where information is not accurately recorded on the 'Referral Logging Form', there is a risk that, if issues surrounding a care plan were to arise, officers would have to utilise additional resources to find out any information required.</p>
<p>c) All processes will be reviewed for Alliance purposes</p>	<p>When there is a deviation from the schedule of planned hours provided to clients, care providers must notify the Council of the amendment. Increases in hours are accompanied by appropriate authorisation and decreases must have justified reasoning where possible.</p> <p>During testing of the weekly schedule of services to be provided by care providers, it was seen that a majority of the decreases in hours of care provided did not have any reasoning provided.</p> <p>Where the Council is not aware of reasoning for decreases in hours of care provided, there is a risk of systemic issues arising relating to the clients health or needs. Vulnerable clients who cannot contact the Council themselves may not be provided the quantity of care that they require.</p>
<p>d) All processes will be reviewed for Alliance purposes</p>	<p>When the weekly schedule of services to be provided by care providers is returned to the Council completed with actual hours, the spreadsheet is run through the SWIFT system. This report is then reconciled to the schedule and any discrepancies must be investigated and recorded, along with reasoning on the schedule.</p> <p>During testing of the planned vs actual schedules received from care providers, an instance was noted where the schedule was run through SWIFT and the resulting report was £20.30 up on the expected amount recorded on the schedule. It was established that this was due to the report picking up a one off call for the following Monday, however this reasoning had not been recorded on the schedule.</p> <p>Where variances between the amounts recorded by care providers and the amounts after the SWIFT report is run are not investigated and the results recorded, there is a risk of illegitimate payments being made to the contractor and financial loss to the Council.</p>
<p>e) All processes will be reviewed for Alliance purposes</p>	<p>The weekly schedule which logs actual hours provided against planned hours should be up to date and only collect necessary information required.</p> <p>Observation of the Schedule template used to collect information relating to works done by care providers, established that there is an area on the form for the provider to sign which is no longer relevant to the scheduling process.</p>

	<p>Where data collection forms are not regularly updated to reflect the associated process, there is a risk that incorrect or unnecessary information is collected by the Council.</p>
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## TERMS OF REFERENCE

### Brokerage

#### 1. INTRODUCTION

- 1.1 The Brokerage service provides domiciliary care to those over the age of 65 and for some under 65s. The care is provided via a pre-confirmed list of contractors hired by the Council within the Integrated Framework Agreement (IFA).
- 1.2 When someone requests care from the Council, a costing tool is used to determine the cheapest contractor for the amount of time required. Where none of the IFA contractors can provide care, external legacy providers may be used.
- 1.3 The IFA contractors and legacy providers undergo contract monitoring from the Council and their performance is monitored in relation to KPIs set out in the contracts they have signed with the Council.
- 1.4 As part of the agreed 2017/18 Internal Audit Plan, an internal audit of Brokerage has been undertaken.

#### 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 The audit included the following areas:

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Operational and Management Requirements;	0	0	1
Framework of Contracts and Supplier Management;	1	0	0
New Applications and Changes to Existing Client Needs;	0	0	1
Amendments to Standing Data;	0	0	2
Qualitative and Quantitative Monitoring; and	1	2	1





Brokerage 2017/18

Management and Performance Reporting.	0	1	0
<b>Total</b>	<b>2</b>	<b>3</b>	<b>5</b>

**DEFINITIONS FOR AUDIT OPINIONS AND RECOMMENDATIONS**

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 consistently 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 which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to recommendations are based on the following criteria:

<b>Priority 1 (High)</b>	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk
<b>Priority 2 (Medium)</b>	Control weakness that represent an exposure to risk and require timely action.
<b>Priority 3 (Low)</b>	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

## 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.

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