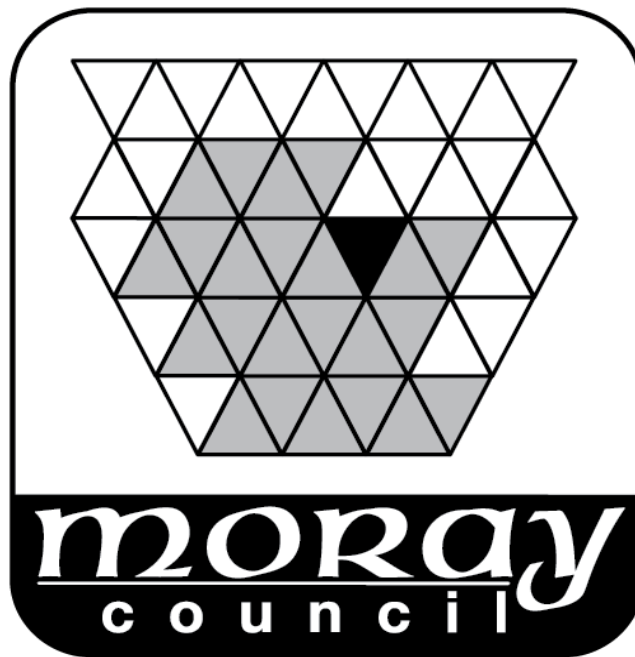


Moray Council  
Internal Audit Section

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Health & Social Care Moray -  
Contributions Policy  
Final Report



# Moray Council

## Internal Audit Section

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**SUBJECT:** Health & Social Care Moray - Contributions Policy

**REPORT REF:** 19'029

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### 1. Executive Summary

The annual audit plan for 2018/19 provides for an audit review to be undertaken of the application of the Contributions Policy. The Contributions Policy applies to Self-Directed care and support charges for non-residential services accessed by adults. The Policy defines services within remit and the calculation basis for contributions a service user may be required to make, based on their ability to pay. The Contributions Policy takes into account national legislation for Self-Directed Support, COSLA guidance on charges for non-residential social care services and Department for Work and Pensions regulations with regard to income rates.

The scope of the audit was to review a sample of financial assessments for service users with varied circumstances, and who access a range of care and support services, to confirm the correct and consistent application of the Contributions Policy. This has involved evidencing care and support assessments and ensuring contributions for services have been based on current needs, confirming the prompt undertaking of financial assessments and verifying the assessments align with the Contributions Policy and are correctly calculated and evidenced.

The audit has assessed whether the resultant contributions derived from the financial assessment process are accurate and has followed through the recovery process to confirm contributions assessed as due have been recovered in full from the service user. The process for reviewing contributions at appropriate intervals has also been covered within the scope of the audit.

The vast majority of audit testing has been undertaken with the Community Care Finance Team. Reference has also been made to other officers within the service such as the Direct Payments Team and Social Work Teams, as required, to fully test sample cases selected.

The main issues raised for management consideration arising from the review are as follows:-

- The Contributions Policy in use at the time of the audit is stated to apply for the period from January 2016 to April 2017. A formal review is overdue and is required to reflect changes in national legislation and to consider any areas of local discretion in the policy which it may be beneficial for the service to revise. A major change in policy is forthcoming with the introduction of free personal care for all adults with qualifying needs from April 2019. This will reduce contributions from service users with the withdrawal of this previously chargeable service for those under pension credit age.
- A potential weakness in control exists with the use of a variety of separate systems within the process and no reconciliation of content between these

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systems. Support needs and packages of supported persons are recorded on Carefirst, financial assessments are recorded in Excel spreadsheet format and invoicing of contributions is undertaken through the Council's Financial Management System. Due to the manual nature of elements in the process there is potential for a service user to be assessed but not referred for financial assessment or a financial assessment undertaken but no contribution set up for invoicing. Going forward a practical solution is required to give assurances that all chargeable service users are referred for financial assessment, financially assessed and contributions invoiced, on presenting to the service and when any change in support occurs.

- Under Self Directed Support legislation, a supported individual has a number of options available for managing their care package. Where a service user is to receive a Direct Payment to manage their care, or where the service user chooses their care provider but the arrangements for provision are made by Social Care, there is the option within the Contributions Policy to pay the service user / service provider net of the service user's assessed contribution. This net payment basis is not commonly used in practice with the majority of support costs being paid gross and the service user then invoiced for their contribution. This is not best practice for cashflow management and carries the increased risk of being exposed to non-payment of contributions in addition to incurring administration costs of recovery. Current practice and policy in this area need to be further considered alongside the needs of service users.

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### 2. Introduction

The annual audit plan provides for an audit review to be undertaken of the application of the Contributions Policy. The Contributions Policy applies to Self-Directed care and support charges for non-residential services accessed by adults. The Policy defines services within remit and the calculation basis for contributions a service user may be required to make, based on their ability to pay. The Contributions Policy takes into account national legislation for Self-Directed Support, COSLA guidance on charges for non-residential social care services and Department for Work and Pensions regulations with regard to income rates.

### 3. Audit Scope

The scope of the audit was to review a sample of financial assessments for service users with varied circumstances, accessing a range of care and support services, to confirm the correct and consistent application of the Contributions Policy. This has involved evidencing care and support assessments and ensuring contributions for services have been based on current needs, confirming the prompt undertaking of financial assessments and verifying the assessments align with the Contributions Policy and are correctly calculated and evidenced. The audit has assessed whether the resultant contributions derived from the financial assessment process are accurate and has followed through the recovery process to confirm contributions assessed as due have been recovered in full from the service user. The process for reviewing contributions at appropriate intervals has also been covered within the scope of the audit.

### 4. Summary Assessment

The Internal Audit Section will provide Management with an opinion on the internal control environment based on four categories of classification:

Assurance Level	System and Testing Conclusion
Full	The controls tested are being consistently applied
Substantial	There is evidence that the level of non compliance with some of the controls may put some of the system objectives at risk.
Limited	The level of non compliance puts the system objectives at risk.
None	Significant non-compliance with basic controls leaves the system open to error or abuse.

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Our assessment in terms of the design of, and compliance with, the system of internal controls for Health & Social Care Moray - Contributions Policy as limited by the scope of audit is set out below:

System Assessment	Testing Assessment
Full	Substantial

### 5. Findings

The main issues raised for management consideration are:

- 5.01 The Policy for contributing to adult social care and support charges for non-residential services, in use at the time of the audit exercise, applies for the period from January 2016 to April 2017. Although appendices to the policy document have been updated annually to reflect, for example, current financial thresholds, income rates and standard disregard amounts to be taken into account in determining the appropriate service user contribution, there has been no recent review of the content of the Contributions Policy.

Contributions towards care and support are determined in accordance with national legislation and guidance but there are areas which can be decided by local policy such as the percentage taper relief applied as a final disregard to a service user's available income and some interpretation of services within remit. When a policy is not regularly reviewed, opportunities for contribution maximisation within grounds of reasonableness, can be missed.

For noting, a significant change to the Contributions Policy is required for 2019/20 with the national introduction of free personal care for all adults with eligible care and support needs, regardless of age. Prior to April 2019 personal care has only been provided free of charge for those over pension credit age.

- 5.02 When a new service user presents or a change of support is required for an existing service user, the process is for the Social Care teams to determine the care and support package required. If the assessed care and support needs involve chargeable services under the Contributions Policy, there will be a manual referral to the Community Care Finance Team for the undertaking of a financial assessment. The financial assessment will establish if any contribution falls due to be recovered from

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the service user and if so, collection will be arranged.

A potential weakness in control exists in terms of data being held within multiple separate systems. Care and needs assessments are recorded in the Carefirst system used by Social Care Teams, financial assessments are undertaken and recorded on a manual spreadsheet based system by the Community Care Finance Team and also recorded as activity undertaken on Care First, and contributions are invoiced through the Sales Ledger module of the Council's Financial Management System. As there are no links between these systems, the potential presents for a manual oversight to allow a service user to be established with an assessed care and support package but not referred for financial assessment, or a financial assessment undertaken but no invoicing of contribution arranged, and for this to pass undetected.

Whilst the planned future introduction of Carefinancials to administer financial issues within the Carefirst environment may provide some solution to joined up recording, at present there is a risk of financial loss and inconsistent treatment of service users with no reconciliations completed between identified chargeable service users, financial assessments undertaken and invoicing of contributions.

- 5.03 As explained above, new service users and changes to existing care and support packages, involving chargeable services, have to be manually referred by the relevant Social Care Team to Community Care Finance in order for financial implications to be assessed. Audit testing has shown instances of weaknesses in communication where changes have been made to support packages but not advised to Community Care Finance for contribution review or file closure in the case of cessation of support. In another case sampled the Direct Payments Team had not been advised of a support change and as a result were not paying the service user sufficient Direct Payment to cover the cost of the increased package assessed as required.
- 5.04 In terms of delivery of Self-Directed Support per the legislation, there are a number of options available to an individual to manage their support. These range from direct payment being given to a service user for the procurement of support, the supported person selecting their own support but Health & Social Care Moray (H&SCM) making arrangements for its provision, H&SCM selecting the support and arranging it, or a mix of these support arrangements.

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Where a supported person is assessed as having to make a financial contribution towards their care and support, the preferred payment basis for financial management is to pay the service user (in cases of direct payment) or the external service provider (in cases of H&SCM making arrangements for the service user) net of the individual's contribution and the supported person should pay the provider the assessed contribution amount.

In audit testing it has been seen that net payment is not commonly used in practice, and was not seen in any of the sample packages selected for detailed audit testing. Instead, payments are made to the supported person or external service provider for the gross cost of the support package and the supported person will then be invoiced for their assessed contribution. Whilst the consideration of the needs of the supported person is understood, this payment method is not best practice in terms of cashflow management, increases exposure to the risk of the supported person not making payment of their required contribution and increases administration costs.

- 5.05 Full financial assessments establishing and verifying income of existing service users are not carried out annually for service users previously assessed with a nil contribution payable, or where previously assessed income is not expected to change to any significant degree, mainly due to being benefits based. The service does not consider it the best use of scarce resources to undertake a full assessment in these circumstances as it is likely to result in no or very small change in the contribution level but involve considerable administrative effort in establishing this. Full financial assessment of existing service users will be performed if requested by service user or involved officers due to a change of support needs or financial circumstances.

Where it is deemed a full assessment is not required, an annual financial assessment review will be undertaken. In summary the review takes the form of checking a service is still being provided, checking the service user's package budget to current services and confirming there has been no material change to income benefits received by reference to data available from the Benefits System. A standard checklist template exists for the officer completing the review to sign off and date completed steps in this process but on audit testing there has been inconsistent use of this checklist document. In a number of files selected for sample testing, there has been no review document completed although details on file indicate that a review has been undertaken. The absence of the review document means there is no evidence that all of the required review steps have been



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undertaken and it is not formalised as to who has undertaken the review, and when, should any subsequent query arise.

- 5.06 In audit testing a sample of annual financial assessment reviews, in all but one instance, no communication was issued to the service user to advise the existing contribution was to continue for another year. The review process document referred to at 5.05 has a step included which states "If service is continuing, write out to confirm the contribution will continue". This has not been followed in practice.

A service user may receive annual reviews for a number of years should they be deemed to be in the category where there is a low expectation of a change in financial circumstances, and therefore may have no communication with the service for a prolonged period. The lack of communication means the opportunity is missed to remind the service user that it is their responsibility to advise any change in financial circumstances and to indicate that their position has been reviewed using previously obtained information.

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### 6. Recommendations

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b>						
<b>5.01</b>	A comprehensive review of the Contributions Policy is required to take into account changes in legislation and allow the opportunity for decisions to be made on local discretion areas within the policy, taking into account the challenging financial position facing public services.	High	Yes	The comprehensive review of the policy will be completed once key issues regarding Self Directed Support are considered at the SDS Steering Group on 17th July 2019.	Commissioning & Performance Officer	31/07/2019

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Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> All contributions are assessed in line with the policy, correctly calculated and substantiated, and levied consistently on chargeable service users.						
<b>5.02</b>	Consideration should be given to the implementation of regular reconciliation checks to provide assurance that the complete database of chargeable service users have been referred for financial assessment, assessment undertaken and any established contribution towards care and support packages invoiced.	High	Yes	The Community Care Finance Team will work with Social Work Teams to ensure all clients receiving chargeable services are referred for financial assessment (see 5.03 below). Annual reviews are in place for service users paying a contribution for their care package and the Community Care Finance Officer will implement a quality assurance programme within the team to analyse maintenance and compliance with the review process.	Community Care Finance Officer	31/07/2019

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Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.03	All relevant officers should be reminded of the need to inform Community Care Finance of new care and support packages, changes to support levels and cessation of support where chargeable services are involved, to ensure correct and valid financial contributions are levied. The Direct Payments Team must also be notified of changes where Option 1 Self-Directed Support has been chosen for support management, to ensure payments to the service user remain correct and valid.	High	Yes	Meetings with the relevant officers have been arranged as part of the CareFirst Finance Project and will ensure accurate recording supports the implementation of the project.	OT & Intermediate Care Service Manager	31/07/2019

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Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.04	On policy review, consideration should be given to the implications of gross and net payment methods, given current policy and practice are not in alignment. Any subsequent revision to policy or practice regarding payment basis should take into account the need to meet service user expectations under SDS, whilst minimising costs to the organisation.	High	Yes	The decision to incorporate a requirement to pay net rather than gross has been made at Practice Governance Board on 21st May 2019 and will be incorporated into the revised policy.	Commissioning & Performance Officer	31/07/2019

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Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.05	When a review of an earlier financial assessment is deemed appropriate, rather than the undertaking of a new full financial assessment, the standard review process checklist document should be appropriately completed ensuring there is formalisation of the performance of review, the date undertaken and by whom.	Low	Yes	The Community Care Finance Officer will implement a quality assurance programme with the Financial Assessment Officer to analyse performance and ensure compliance.	Community Care Finance Officer	31/07/2019

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Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.06	Consideration should be given to notifying all service users of their continued contribution levels where an annual file review has been undertaken. Whilst this does involve administrative effort, it provides clarity for the service user and can act as a reminder to notify any circumstance changes which may have occurred since the prior contribution assessment.	Low	Yes	Agreed this would be beneficial for service users. The review process will be amended to include further communication with service users at the end of their budget period. This process will commence in line with recruitment to the team in June / July 2019 and further redesign.	Community Care Finance Officer	30/09/2019