

# INTERNAL AUDIT SERVICES

## REPORT REF No S/001/19 (June 2019)

### **Social Work Tendering and Commissioning**



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**Personnel referred to in this report:**

**Julie Slavin - Chief Financial Officer**  
**Wendy Jack - Planning & Improvement Manager**  
**Annabel Travers – Procurement Manager**  
**Joyce Campbell – Business Partner Strategic Procurement**  
**Jo Gibson – Head of Community Health and Care**  
**Julie Lusk – Head of Mental Health, Addictions & Learning Disabilities**  
**Jonathon Hinds – Head of Children’s Health, Care & Criminal Justice**  
**Kirsteen MacLennan – Integrated Operations Manager**  
**Robert MacFarlane - Integrated Operations Manager**  
**Annie Ritchie – Manager Field Work Services**  
**Hazel Kelly – Senior Occupational Therapist**

**Auditor: Claire Andrews**

## **1. EXECUTIVE SUMMARY**

### **General**

An audit was conducted on Social Work Tendering and Commissioning. We can report that progress is being made to ensure all procurement activity is compliant with the Financial Regulations and procurement legislation.

The audit scope covered:

- Commissioning strategy;
- Procurement arrangements;
- Policies and procedures; and
- Monitoring of delivery of contracted services.

The following testing was performed:

- Review of policies and procedures;
- Review of current procurement practices for non-compliant spend;
- Operation of and compliance with existing framework agreements; and
- Review of the monitoring process of contracts and the evidence of monitoring.

The finding of the audit found that the service areas are dedicated to meeting service user's needs and ensure that appropriate care is provided in a timely fashion. It was also evident from discussions that across all service areas there is full awareness of the need to obtain best value and keep within budgets. The audit also highlighted that opportunities exist to strengthen internal controls and enhance the service provided and as a result of the audit, seven improvement actions have been identified and agreed with management for implementation, the most important of which are listed below:

- Progression through the procurement Council Wide Pipeline;
- Contract monitoring; and
- Compliance of procuring call-offs from framework agreements.

Full details of these opportunities and any other points that arose during the audit are included in the Action Plan, which forms Section 3 of this report.

Management must communicate the outcome of the Audit and the actions to be implemented to relevant staff involved in the Audit Process, the implementation of the improvement actions, and all staff involved in undertaking commissioning and procurement activity.

## **2. MAIN REPORT**

### **2.1 INTRODUCTION**

- 2.1.1 An audit was carried out on Social Work Tendering and Commissioning as part of Internal Audit's Planned Programme of Audits for 2018/19. The audit was conducted in conformance with the Public Sector Internal Audit Standards (PSIAS).

### **2.2 SCOPE AND OBJECTIVES**

- 2.2.1 The auditor used the CIPFA Systems Based Auditing Control Matrix to confirm the systems in place, with particular emphasis on the following:
- Commissioning strategy;
  - Procurement arrangements;
  - Policies and procedures; and
  - Monitoring of delivery of contracted services.
- 2.2.2 An audit launch meeting was held with Julie Slavin and Wendy Jack. A separate meeting was also held with Annabel Travers and Joyce Campbell.
- 2.2.3 The following testing was performed:
- Review of policies and procedures;
  - Review of current procurement practices for non-compliant spend;
  - Operation of and compliance with existing framework agreements; and
  - Review of the monitoring process of contracts and the evidence of monitoring.
- 2.2.4 Internal Control Questionnaires (ICQs) were completed by the Internal Audit team to ascertain the systems in place by independently questioning Julie Slavin and Wendy Jack. In addition discussions were held with additional members of staff in a variety of service areas to supplement the information gathered in the ICQ.
- 2.2.5 Compliance testing was carried out on the systems to confirm the responses given in the ICQs and that the control objectives were being met.

### **2.3 FINDINGS**

- 2.3.1 The findings are based upon evidence obtained from enquires with staff and stratified sampling/substantive testing.
- 2.3.2 This report details all points arising during the audit review, and full details of audit recommendations on areas for improvement are included in the Action plan contained within Section 3 of this report. We stress that these are the points arising via the planned programme of work and are not necessarily all of the issues that may exist.

#### Procedures

2.3.3 HSCP is expected to follow both the West Dunbartonshire Council Corporate Procurement Unit policies and the NHS Greater Glasgow and Clyde procurement guidance, following the Council policies when procuring social care packages. During the course of the audit key differences were identified between HSCP and other areas of the Council in relation to procurement. These are as follows:

- Service users are enabled to shape the care and support which they receive as per the Social Care (Self Directed Support) (Scotland) Act 2013. Essentially this means that the service users are able to choose their provider as long as that provider can meet their individual care needs.
- The rates for residential care for the elderly are set nationally, therefore the cost to the Council is the same regardless of which provider is selected.
- In some service areas the demand for care is far greater than the availability of care, this therefore further restricts the ability to obtain multiple bids and quotes to make a comparison of best value as per traditional procurement rules used elsewhere in the Council.
- Once a service user is placed with a care provider it may not be possible to simply “re-tender” as there may be a need to prioritise the continuity of care, therefore working through the “non-compliant” spend on the Council Wide Pipeline is not necessarily as simple as in other areas of the Council. The Light Touch Regime (contracts that tend to be of lower interest to cross-border competition therefore a direct award without competition may be the best course of action) rules will often apply.
- An urgent need for a specific placement to meet statutory child, adult or public protection duties, may require the purchase of a placement outwith the normal tendering and commissioning procedures. This is provided for in the Council’s Financial Regulations.

2.3.4 During the course of the audit it was found that across all service areas there were some difficulties fully following the Council’s procurement regulations due to the unique circumstances faced by HSCP as discussed at paragraph 2.3.3 above, although the Council’s Financial Regulations currently allow such flexibility for the procurement of care.

2.3.5 Per the Council’s Financial Regulations a calculation of an indicative total value of a contract is required for all procurement. Within HSCP this is particularly difficult as this requires predicting how long a user will need care and whether the care requirements will change over time. A service user may require a complex care package for the entirety of their adult life. Being unable to calculate full life cost makes it very difficult to know which procurement thresholds should be applied.

2.3.6 Another requirement of the regulations is to obtain authority to award contracts from the Tendering Committee for all contracts over £50k, though the Financial Regulations allow the approval by the Chief Officer to ensure that the Financial Regulations provisions do not impede the provision of

appropriate care. Due to the issues identified at 2.3.5 there are often new care placements required that are in excess of £50k and the Chief Officer approves these.

- 2.3.7 It was identified that for framework agreements e.g. for Older People's Care provision, that HSCP were not always providing the relevant paperwork to the CPU which meant that the contract award process was not being completed leading to non-compliance. During the course of the audit a streamlined approach has been agreed between HSCP and the CPU which should minimise this issue.
- 2.3.8 Further training should be provided to all relevant staff across all HSCP service areas in how to progress procurement. Please see recommendation 7 in the action plan at section 3 for more details.
- 2.3.9 There is currently a significant proportion of spend within HSCP that is "non-compliant" this means that the HSCP has not been procuring in line with the Financial Regulations. Much of this spend relates to arrangements that have been in place for a number of years around Supporting People, etc. A pipeline has been created in collaboration between HSCP and the CPU which rated the risk of the current arrangements and the priority timing in which to address. During the course of the audit this has been formally agreed. Monitoring of progress with the pipeline should be a priority. Please see recommendation 1 in the action plan at section 3 for more details.
- 2.3.10 Working through and completing the pipeline will bring the level of compliant spend in HSCP in line with Council targets. It should be noted that working through this pipeline may not necessarily mean a re-tender of all the services provided. Consideration will always be given to service user choice, continuation and duration of care, and availability of appropriate care. In many instances to make a service provider "compliant", may just mean a formalisation of current arrangements, or a re-negotiation of current activities through the Light Touch Regime. In addition, we are advised that Scotland Excel is currently creating a framework agreement for Care and Support Services which may also be appropriate in some instances.

#### Decision process for placements

- 2.3.11 As a significant proportion of procurement isn't compliant with the Financial Regulations Internal Audit wanted to determine how procurement decisions have been made.
- 2.3.12 It was clear from discussions with all the service areas that the HSCP is dedicated to ensuring that our service users have access to the right care, at the right time and with the most suitable provider. It was also evident from discussions that across all service areas there is full awareness of the need to obtain best value and keep within budgets.
- 2.3.13 Most placement decisions which are "non-compliant" are made at resource allocation meetings/integrated operations meetings. In all service areas the needs of the service user is established first. Once the care plan is agreed the allocation managers or social worker find a provider for the care. Across all the service areas there is, on occasion, a lack of available care within Council-run services due to the complex care requirements of some service

users. As should be the case the service user (or service user's representative) has a degree of choice in regards to their care and who provides their care. Taking these factors into consideration procurement in a traditional sense of obtaining multiple quotes etc. is very rarely possible. In such circumstances the Council's Financial Regulation apply in two areas (i.e. negotiated procedure non-emergency and actual emergency situation), which may mean there is procurement compliance.

- 2.3.14 Internal Audit wanted to review the decision making process at these meetings to determine the robustness of the discussions when selecting a provider. It was found that some service areas do not take minutes of the meetings and therefore Internal Audit were unable to determine how decisions had been made for these areas. Please see recommendation 2 in the action plan at section 3 for more details.
- 2.3.15 The different service areas in HSCP all have different requirements therefore the process of bringing the Council Wide Pipeline in to compliance, will be different in each area. Internal Audit recommend that the CPU attend some of the resource allocation/integrated operations meetings to more fully understand the circumstances in the service areas and to explain some of the options available to them in order to become compliant. Please see recommendation 2 in the action plan at section 3 for more details.

#### Framework Agreements

- 2.3.16 Fostering Services and Children's Residential Services make use of Scotland Excel framework agreements extensively, there is also some limited use of the Scotland Excel framework agreement for agency workers in care at home services. Care Homes for the elderly also use the National Care Contract which is in essence a framework agreement. All care homes in West Dunbartonshire are signed up to this contract, as are most of the care homes outwith the Council area within Scotland – which may be used due to service user choice.
- 2.3.17 If a framework agreement is used, in order to be fully compliant, once an individual's care package and placement is agreed then a procurement request form needs to be completed by HSCP. If the provider already has WDC service users in the home, then an Individual Placement Agreement (IPA) or Individual Support Plan (ISP) is sufficient to allow contract/direct award to be issued by the CPU/Legal Services – a flowchart is being developed to layout this process clearly. Once completed and sent to procurement along with an IPA/ISP; the CPU/Legal Services will issue a direct award letter, making the placement compliant. HSCP have had difficulties completing the procurement request form due to the approval as discussed above at paragraphs 2.3.5 and 2.3.6 above. Problems with completing these forms has led to some of the procurement through framework agreements not being strictly compliant. Since the HSCP Board in May 2019 these issues have been alleviated and therefore it is expected that there will be an increase in compliance.
- 2.3.18 During testing it was found that some service areas did not pass on the relevant IPA / ISP paperwork to the CPU, thereby preventing the award letter

being issued. Please see recommendation 3 in the action plan at section 3 for more details.

- 2.3.19 The IPA/ISP also needs to be sent to the provider. A sample was taken to ensure that these had been sent, were signed by the provider and had been completed fully. In most instances the IPA/ISP was in place as expected. However, there were some instances when the IPA/ISP was not complete. Please see the action plan in section 3 for more details. The CPU suggest even in an emergency situation an IPA/ISP should be produced within 48 hours, however for the elderly care homes an IPA/ISP can't be produced until the financial assessment of the service user has been completed. It is Internal Audit's opinion that as long as the financial assessments are carried out in a timely manner this is appropriate and an arrangement to cover this needs to be agreed between HSCP and the CPU. Please see recommendation 3 in the action plan at section 3 for more details.
- 2.3.20 In some service areas HSCP are currently using providers which are on the framework agreement but not using framework agreement rates, as existing rates are lower and have been continued in agreement with the care provider. This is only happening for service users that have been receiving the care for many years. From a cost point of view this may be beneficial but from a risk and compliance point the Council is leaving itself exposed. Internal Audit recommend these service areas discuss the situation with the CPU to take steps to regularise these cases potentially through use of the Light Touch Regime. Please see recommendation 6 in the action plan at section 3 for more details.
- 2.3.21 It is Internal Audit's view that there are service areas such as Care at Home that would benefit from the development of framework agreements as they are currently selecting providers as if in a framework agreement, After discussion with the CPU it has been established that this could be a relatively quick solution to getting a whole service area compliant. In order to establish where this is appropriate procurement should be invited to resource allocation meetings. It should be noted that HSCP have already had some positive discussions with the CPU in regards to framework agreement that encourage local economic development and job opportunities for local people. Please see the recommendation 2 in the action plan in section 3.
- 2.3.22 All of the care homes for the elderly sampled in the audit are signed up to the National Care Home Contract including those out with of West Dunbartonshire. Care should be taken when placing service users in care homes out with the Council area to ensure they are signed up to the National Care Home Contract, if they are not then the procurement processes for providers not on a framework agreement would apply.

#### Monitoring

- 2.3.23 It is expected that there should be a consistent contracting management approach. Currently there is a team (Quality Assurance and Commissioning Team) that monitors adult services and some children's services e.g. fostering, the provider's quality grades and registration awarded by the Care Inspectorate and these grades are reported to the HSCP audit committee. For the remainder of children's services, Care Inspections for internal



services are reported to the HSCP Audit Committee by the Head of Children and Families and external services are monitored through the Scotland Excel framework agreement and the local children's services management team. It is recommended that these arrangements are consolidated into the work of the Quality Assurance and Commissioning Team.

- 2.3.24 In addition to the monitoring of the quality grades and Care Inspectorate registration most service areas make visits to their providers, however the frequency, agenda and quality of recording of these visits is variable and does not follow the monitoring form developed by the CPU. Reflecting the nature of the particular work of the HSCP, in the majority of these instances the visit concentrates on the needs of the service users rather than on the provider. Please see recommendation 4 in the action plan at section 3 for more details.
- 2.3.25 Internal Audit determined that no service areas currently review the financial accounts of our care providers to ensure they are a going concern, although Scotland Excel have the responsibility to do so for framework agreements for provision outwith of framework agreements the responsibility lies with the HSCP. Please see recommendation 5 in the action plan at section 3 for more details.
- 2.3.26 The factual accuracy of this report has been verified by the officers involved in the audit.
- 2.3.27 Audit would like to thank all staff involved in the audit process for their time and assistance.

3. Action Plan: Social Work Tendering & Commissioning S.001.19						
Ref. No.	Finding	Recommendation	Priority	Management Comment	Manager Responsible	Date to be Completed
1	<p><b><u>Monitoring of Pipeline and priorities.</u></b> During the course of the audit, the pipeline and subsequent priorities have been agreed between HSCP and the CPU however this needs to be monitored to ensure that it stays on track and priorities are regularly re-assessed.</p>	<p>The agreed pipeline should be monitored on a regular basis with priorities being re-assessed as appropriate.</p>	Medium	<p>CPU will attend the HSCP management teams on a regular basis to monitor progress on the pipeline and to continue to focus on ongoing prioritisation</p>	<p>Wendy Jack, Jo Gibson, Julie Lusk &amp; Jonathan Hinds</p>	On-going
2	<p><b><u>Resources allocation meetings</u></b> The service areas in HSCP all have different requirements and therefore the process of bringing the pipeline on-contract will be different in each area, thereby making it important for CPU staff to further understand the process.</p> <p>The meetings for determining which provider a service user is placed with are not recorded.</p>	<p>It may be helpful for the CPU to attend some of the resource allocation meetings to establish ways they could work more collaboratively and if tools such as framework agreements could be used.</p> <p>Minutes should be taken at all such meetings in order to show the rationale of procurement decisions. In addition these notes should be included in service users' files.</p>	Medium	<p>It would be beneficial for the CPU to have insight into the Resource Allocation Meetings process, but only with regard to the type of provider and service type required.</p> <p>Rather than a full minute there will be a Decisions Summary produced after every meeting which will be distributed to both CPU and HSCP Finance Team</p>	<p>Kirsteen McLennan, Robert McFarlane, Annie Ritchie</p> <p>Kirsteen McLennan, Robert McFarlane, Annie Ritchie</p>	<p>Throughout July/August</p> <p>End of September 2019</p>
3	<p><b><u>Framework agreement compliance</u></b> Currently whilst using a framework agreement the procurement form and IPA</p>	<p>The full process needs to be followed in order for the procurement to be compliant, service areas should familiarise</p>	Medium	<p>IPAs Individual Placement Agreements) / ISPs Individual Support Plans) are completed for all older people and the quality</p>	<p>Wendy Jack Kirsteen McLennan, Robert</p>	Will be provided on an on-going basis

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	Individual Placement Agreement) / ISP (Individual Support Plan) is not always completed and the direct award letters are not sent to the providers. This means that although we have procured through the framework we are not completely compliant.	themselves with the regulations and follow accordingly.		has already been checked by CPU and agreed to be compliant. A process has been agreed with CPU that all IPAs / ISPs will be sent and a new procurement request form will only be required when the provider is new to WDHSCP.	McFarlane, Annie Ritchie,	
4	<b><u>Monitoring Providers</u></b> The monitoring and visiting of providers is not consistent across HSCP, it also does not follow the CPU monitoring form (scorecards).	All monitoring should follow the procedures and be consistent across the partnership.	Medium	Our review of commissioning and quality within the HSCP will ensure that a consistent monitoring approach will be developed across services. This will include a review of the functions within the Quality Assurance Team, in tandem with a review of the HSCP SMT structure	Wendy Jack	End of December 2019
5	<b><u>Checks on Audited Accounts of Providers</u></b> Currently there are no checks done on the financial accounts of any of the care providers around their ongoing financial stability.	A process should be introduced for the ongoing review of the financial accounts of our providers.	Low	This will be implemented as part of the consistent monitoring approach note at action point 4. In addition Scotland Excel monitor the position of providers on their frameworks. Also, as the pipeline priorities are worked through requests will be made to providers to submit their latest audited accounts for review.	Wendy Jack and Julie Slavin	On-going. However a letter will be issued to all current providers by the end of August 2019
6	<b><u>Use of providers not through framework agreements</u></b> In some service areas we are currently using providers which	Service areas should consider ways to bring historical	Medium	We will work though the pipeline priorities in order to maximise the	Head of Service	Review progress throughout the 19/20

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	are on the framework agreement but not through the current framework agreement rates as the historical rates are lower.	placements on contract in conjunction with the CPU.		level of compliance.		financial year
7	<b><u>Procurement Request Form Training</u></b> The authorisation requirements and full life cost calculation has changed since the last board meeting. Previous problems with completing this form have now been alleviated.	Further training should be provided as necessary so services areas know how to initiate the procurement process through the use of the Procurement Request Form.	Low	At a recent meeting with CPU and Strategic Lead Resources it was agreed that a simple flowchart would be produced to aid managers and budget holders in following the appropriate procurement route, including the “full life” cost of a placement.	Integrated Operational Managers – Kirsteen, Robert, Hazel, Annie	End of December 2019 in partnership with CPU