



# Support Budgets & Direct Payments

**August  
2019**



**Low  
Assurance**

## Purpose & Scope of Review

We carried out a review of Support Budgets & Direct Payments as this area has not been reviewed for some time. This review provides assurance for senior managers within the service, the Annual Internal Audit Report and Annual Governance Statement.

Our scope covered the following areas:

- Policies and Procedures;
- Referrals and Assessment; and
- Monitoring and Review.

We did not review the provision of direct payments within Education and Children's Services, and this is planned as a separate review in 2019-20.

## Background & Context

A support budget is an option that is considered for providing managed care and support to comply with the Social Services and Well-being (Wales) (SSWB) Act 2014 focusing help and support on achieving outcomes for citizens. This can be provided in three ways:

- Direct Payment – an amount of money is paid to a citizen so they have control over their own care and support. This was referred to as a self-managed support budget during our review, but reverted back to the terminology of direct payments by the time our review concluded;
- Provider Administered – the money is provided to a care provider to manage and will assist the citizen in meeting their care and support needs; and
- Local Authority Managed – the council manages the care and support on behalf of the citizen.

One of the key principles of the SSWB Act is ensuring that the citizen has a say and control over their outcomes to help them improve their wellbeing. Traditionally, citizens have not been able to shape the kind of support they need, but with a personalised approach, such as a direct payment or support budget, it enables citizens to identify their own needs and make choices about how they want to be supported. Local authorities have a fiduciary duty to ensure that there are sufficient controls to manage public expenditure, but have to balance this in line with the principles of the Act to ensure it is adaptable to suit the individual. For example, some councils do not require citizens to evidence how their direct payment is being spent. Currently within the council, regular returns should be submitted to provide evidence of this expenditure although a prepayment card option is being pursued.

Citizens can have a combination of support budgets or direct payments to meet their needs. For 2018/19, 166 citizens were recorded as having a support budget or direct payment, with 84 of these on a direct payment.

Support budgets went live on 4 July 2018 for all new packages of care and support to give citizens more choice and control over their package of care and support, although certain elements had been in place previously, e.g. direct payments.

A significant amount of work was undertaken prior to the launch of support budgets, with the Principal Manager undertaking a dedicated project manager role for the support budgets review between May and July 2018. However, the Principal

Manager resigned in July 2018 and a new employee took up the post in August 2018. The process, procedures and documentation for support budgets is currently under review within the service.

## Audit Opinion

At the time of our review, the provision of support budgets and direct payments was in a transitional period with documentation, processes and procedures being reviewed. Improvements already underway include: putting in place a capacity assessment document and improving the third party support budget process. However, some staff were still uncertain of current arrangements and the process is not fully embedded.

A key element in providing this clarity is having robust documented guidance for staff, and while there are draft procedures available, these now need to be updated to reflect changes that have already been put in place and finalised. The guidance provided to citizens was easy to understand and concise, although the welcome pack for those on direct payments would benefit from a review. Reviewing key documents and systems used would also be beneficial to ensure that information provided to staff and citizens is consistent, particularly in terms of the terminology used as there was confusion over whether a citizen had a support budget as it was referred to as domiciliary care instead.

There is a robust process for referring citizens to support budgets or direct payments via the Single Point of Access (SPoA) team through to the lead practitioner who is responsible for assessing a citizen's suitability. However, we did not see the evidence for the suitability of a direct payment documented on the PARIS system despite guidance notes stipulating this requirement.

Information in relation to support budgets or direct payments is difficult to find due to how it is recorded. This is not just an issue with support budgets and direct payments but affects other parts of the service too. Having robust guidance should help to alleviate this issue. We were unable to locate documentation to confirm that a citizen does not have capacity, and other key documentation, such as direct payment agreements, as they were not always held on the PARIS system. The monitoring of direct payments by financial assessment officers (FAOs) is not always held electronically, and is inconsistent between officers within the team in terms of what is recorded. A lack of clear records means we are unable to assess the frequency of monitoring and issuing of reminders (where returns have not been submitted with details of expenditure); we were advised by the team that there had been some delays in their monitoring. Similarly, we are unable to report the number of returns that have not been submitted by citizens and to what value.

The reliance on paper documentation means that information is not easily accessible, and this could impact service continuity arrangements. The FAOs have pursued alternative solutions in the past for improving the recording of financial assessments and reviews, but they were not deemed feasible at the time. The PARIS system is due to be replaced within three years along with the CIS system that is used to make payments. The council is looking to procure the Welsh Community Care Information System (WCCIS) that will provide an opportunity to make improvements, although interim measures will have to put in place.

Tracing payments relating to the Integrated Care and Support Plan (ICSP) (retained on the PARIS system) to the general ledger proved challenging as:

- Some payments in relation to support budgets or direct payments were not always allocated to an appropriate code. The Team Manager (Client Services) explained that the payments system used is restricted to certain cost codes;
- The terminology of support budgets is not used in the ledger, so local authority support budgets are coded to domiciliary care;
- Payments made to a third party provider details the provider's name in the ledger along with the citizen's PARIS or CIS ID;
- For direct payments, the name that appears in the ledger is the name of the bank account holder, which may differ to the citizen's name.

A lack of a clear audit trail makes it difficult to determine the true cost of support budgets and direct payments for the council. Finance explained that they have been working with the service to restructure the general ledger so that payments can be coded depending on the type of the support budget the citizen has, e.g. LA, third party or direct payments.

The key change with support budgets and direct payments is that citizens are supposed to be aware of how much their care costs, but we did not always see evidence of this.

Support budgets and direct payments were authorised at an appropriate level, and peer forums are also involved in the approval stage. Where they have been involved, this has been beneficial for ensuring all key alternatives to having a support budget or direct payments have been explored, and to determine the level of funds to be provided to the citizen. However, there was sometimes a lack of evidence as to how the support budget or direct payment cost has been derived at.

Outcomes to be achieved from the support budget or direct payment are clearly detailed as part of the assessment process. However, citizens do not receive a copy of these outcomes as, when the ICSP is shared, the output is of poor quality (note: ICT is involved in addressing this). In addition, there was a lack of evidence of outcomes being reviewed within the designated three month period. Without adequate oversight, there is a risk that the support budget or direct payment may not be effective, or payments continue despite outcomes already being achieved.

Support budgets or direct payments had stopped where an end date has been set in the system or where the citizen had passed away. However, there was sometimes a delay in recovering funds from the third party provider or from citizens where a support budget or direct payment had ended. Prepayment cards

are due to be implemented, which should alleviate some of the weaknesses within the direct payment process.

In conclusion, although there were some positive measures in place, because of the

<b>Low assurance</b>	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.
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significance of the risks being raised, we provide a low assurance rating.

## Action Plan

**Audit Review of:** Support Budgets & Direct Payments

**Date:** August 2019

Corporate Risk/Issue Severity Key	
0	<b>Critical</b> – Significant issues to be brought to the attention of SLT, CET, Cabinet Lead Members and Corporate Governance Committee
3	<b>Major</b> – Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT and/or CET
2	<b>Moderate</b> – Operational issues that are containable at service level

<b>Risk Issue 1</b>	Clearer documented guidance on support budgets and direct payments is needed. Without this, it could mean that staff are not clear of their duties and carry out processes inconsistently, which could lead to non-compliance with legislation.		
<b>Background Detail</b>	<p>While we appreciate that the support budget process is in a transitional period, staff needed clearer guidance to ensure the process is embedded, and terminology is used appropriately. Staff have been provided with some draft guidance, but this needs to be reviewed and finalised so all staff are clear of their roles and responsibilities, particularly in terms of where key documentation needs to be saved and a reminder of their authorisation limits.</p> <p>The documented guidance provided to citizens was overall concise, but the welcome pack provided to those on a direct payment would benefit from a review, particularly in terms of clarifying document retention periods.</p>		
<b>Action (Ref)</b>	<b>Agreed Management Action</b>	<b>Responsibility</b>	<b>Deadline</b>
1.1	Reviewed welcome pack and changed stated retention period to 7 years.	Team Manager (Client Services)	Complete
1.2	Complete support budget/direct payment guidance review and finalise to ensure staff have a clear understanding of their roles and responsibilities.	Principal Manager (Operational Services)/ Quality & Policy Officer	29/11/2019
1.3	Training on revised support budget/direct payment guidance to be delivered to all CSS operational staff.	Principal Manager (Operational Services)/ Team	20/12/2019

		Manager (Business Support)	
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<b>Risk Issue 2 (Root Cause 1)</b>	<b>Key management information held for support budgets and direct payments is not robust as it is either recorded incorrectly or inconsistently, or not easily accessible. This has meant that monitoring cannot be carried out in some areas as the information cannot easily be reported on.</b>		
<b>Background Detail</b>	<p>There were a number of areas across our review where improvements are needed, which are summarised below:</p> <ul style="list-style-type: none"> <li>Information relating to capacity assessments could not always be found on the PARIS system, and for 2/10 cases reviewed, could have been recorded incorrectly, e.g. they were recorded as having capacity to deal with their financial affairs when they might not. It is not clear whether this was recorded incorrectly in the first place, or has not been updated to reflect a change in circumstances;</li> <li>Denbighshire letters (citizen’s contribution towards the cost of care) and direct payment agreements were not always held electronically within PARIS, but paper copies were located by the financial assessment officers (FAOs);</li> <li>Assessments were sometimes brief in their justification for the support budget or direct payment;</li> <li>Some of the Integrated Care &amp; Support Plans (ICSPs) held on the PARIS system have not been authorised (52 ICSPs had not been authorised between 1 April 2018 and 31 March 2019), and this needs to be investigated to understand the reason;</li> <li>The PARIS report provided to enable us to do our sample testing, did not detail a CIS number for 59 citizens. Without this information, when a new system is procured, this would make it difficult to combine the citizens’ records held on the two systems;</li> <li>The FAOs are very paper driven and could work more efficiently if their monitoring records of direct payments were held electronically. We were unable to easily identify the frequency of their monitoring and reminders issued to citizens where returns had not been submitted. Having electronic records would also be advantageous in the reporting of where returns have not been submitted and to what value; and</li> <li>It is not easy to trace support budgets or direct payments to the general ledger. Therefore, we are unable to provide an accurate figure of the cost of support budgets and direct payments to the council.</li> </ul>		
<b>Action (Ref)</b>	<b>Agreed Management Action</b>	<b>Responsibility</b>	<b>Deadline</b>
<b>2.1</b>	New Mental Capacity assessment document and training implemented.	Team Manager (North Locality)	Complete
<b>2.2</b>	We have already put processes in place for all operational team administration officers to attach financial paperwork into the Legal documents section (this is a relatively new section of PARIS and previously information could have been held in case notes). We are	Team Manager (Client Services)	31/12/2019

	also encouraging lead practitioners to provide scanned rather than paper copies of key documentation.		
2.3	Revised assessment document being developed in PARIS to better capture key information.	Team Manager (North Locality)/ ICT Business Partner (CSS)	20/12/2019

2.4	Training on new assessment document to be delivered to all CSS operational staff.	Team Manager (North Locality)/ Team Manager (Business Support)	31/03/2020
2.5	'Missing' CIS identifiers on PARIS have been identified for current Direct Payment recipients. A piece of work will be completed to record these on PARIS. Process to add CIS identifier on PARIS will be incorporated in the FAO Team practices.	Team Manager (Client Services)	30/09/2019
2.6	Regular monthly catch up meetings have been implemented between finance officers and the Team Manager, Client Services to look at budget recording and to identify processes to improve this. This will be tied into the development of a Direct Payment spreadsheet incorporating two new detail codes for third party and self-managed support budgets. Finance will transfer these transactions with effect from 1 April 2019.	Team Manager (Client Services)/ Principal Finance & Assurance Officer	31/12/2019
2.7	Implementation of regular Team & Service Manager casefile audits to improve recording practice and ensure adherence to process (including authorisations).	Service Manager (Specialist Services)/ Service Manager (Localities)	20/12/2019
2.8	Implementation of pre-payment cards for new and existing direct payment recipients. This has already been scoped including a separate payment method.	Principal Manager (Operational Services)/ Team Manager (Client Services)	31/03/2020
2.9	Team Managers are auditing their team's unauthorised ICSPs and ensuring they are all either authorised, closed or cancelled.	All Operational Team Managers	31/10/2019

<b>2.10</b>	Implementation of regular case file audits to monitor effectiveness of actions listed in this report (this action cannot be implemented until changes to PARIS are complete and associated training delivered).	Service Manager (Localities)/ All Operational Team Managers	31/01/2020
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<b>Risk Issue 3</b>	There is a risk that direct payments may be calculated inconsistently due to a lack of clear guidance, and the original tool provided is not robust.		
<b>Background Detail</b>	<p>Draft staff guidance refers to the use of the Resource Allocation System (RAS) tool to assist with the calculation of a direct payment. However:</p> <ul style="list-style-type: none"> <li>the values contained in the tool (adopted from another council) have never formally been agreed.</li> <li>the values have not been updated since 2016, therefore budget calculations may not accurately reflect current costs.</li> <li>when the tool has been used for citizens on existing care packages, the cost of the budget has increased even though their care needs have not changed and they are managing on their current budget.</li> </ul> <p>Instead of using the RAS tool, peer forums should now be determining and approving the cost of a support budget or direct payment – staff guidance needs to be updated to reflect this.</p> <p>During our sample testing, we did not see much evidence of the RAS tool being used, but there was a lack of evidence as to how the support budget or direct payment cost has been derived at as these were not always clearly detailed within the ICSP. This needs to be more clearly documented if discussed at peer forum, or within the justification section of the ICSP.</p>		
<b>Action (Ref)</b>	<b>Agreed Management Action</b>	<b>Responsibility</b>	<b>Deadline</b>
3.1	Values contained within the RAS have been updated and agreed to reflect 2019 costs.	Principal Manager (Operational Services)/ Principal Finance & Assurance Officer	Complete
3.2	RAS is now an optional tool with responsibility for determining value of support budgets being assumed by peer forums. Determining the value of support budgets will be addressed in the revised guidance and associated training.	Principal Manager (Operational Services)/ team managers	Complete
3.3	Updating and finalising of staff guidance on the role of peer forums in determining value of support budgets, and ensuring staff have a clear understanding of their roles and responsibilities (see action 1.2).	Principal Manager (Operational	29/11/2019

		Services)/ Quality & Policy Officer	
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3.4	Training on revised support budget/direct payment guidance to be delivered to all CSS operational staff (see action 1.3).	Principal Manager (Operational Services)/ Team Manager (Business Support)	20/12/2019
3.5	Revised assessment document to be developed in PARIS to better capture key information (see action 2.3).	Team Manager (North Locality)/ ICT Business Partner (CSS)	20/12/2019
3.6	Training on new assessment document to be delivered to all CSS operational staff (see action 2.4).	Team Manager (North Locality)/ Team Manager (Business Support)	31/03/2020
3.7	Implementation of regular Team & Service Manager casefile audit to improve recording practice and ensure adherence to process (including support budget calculation) (see action 2.7).	Service Manager (Specialist Services)/ Service Manager (Localities)	20/12/2019

<b>Risk Issue 4</b>	The process for reviewing outcomes is not robust. There is a risk that the support budget or direct payment may not be working effectively, or that payments continue after outcomes have been met.		
<b>Background Detail</b>	<p>5/10 cases we tested had not had a three month review, and for a further case, there had been a delay in carrying out this review. Staff have not been recording the agreed review date within the Integrated Care and Support Plan (ICSP), which has resulted in some reviews not happening as agreed. However, there is no reminder set within PARIS system to alert the lead practitioner to carry out a review, and no system report could be provided to establish how many cases have been missed from having a review.</p> <p>We are also concerned that citizens may not be clear of the outcomes to be achieved as the ICSP is not shared with them, this is because the output report is of poor quality. This is a risk, particularly to those having a direct payment, as they may not be utilising funds provided in line with their outcomes.</p>		
<b>Action (Ref)</b>	<b>Agreed Management Action</b>	<b>Responsibility</b>	<b>Deadline</b>
4.1	Explore possibility of a revised ICSP to improve output from PARIS and enable a copy to be shared with citizens.	Team Manager (North Locality)/ ICT Business Partner (CSS)	20/12/2019
4.2	Explore the possibility of amending PARIS to enable 'Review' alerts and reporting.	Team Manager (North Locality)/ ICT Business Partner (CSS)	20/12/2019
4.3	Reviewing improvement plan to be developed and implemented.	Team Manager (Stepdown and Review team)/ Service Manager (Localities)	29/11/2019
4.4	Support budget/direct payment guidance to be reviewed and finalised to ensure staff have a clear understanding of their roles and responsibilities (see action 1.2).	Principal Manager (Operational)	29/11/2019

		Services)/ Quality & Policy Officer	
4.5	Training on revised support budget/direct payment guidance to be delivered to all CSS operational staff (see action 1.3).	Principal Manager (Operational Services)/ Team Manager (Business Support)	20/12/2019

<b>Risk Issue 5</b>	The process for managing direct payments and third party support budgets is not robust as returns are not always submitted to confirm how expenditure has been used and regular financial checks are not carried out. There is a risk that the council may not be recovering debts that it is owed.		
<b>Background Detail</b>	<p>Citizens do not always submit returns detailing their expenditure for direct payments. Due to other work pressures, some FAOs have not been carrying out financial checks of direct payments promptly.</p> <p>The direct payment contract states, “<i>Denbighshire Community Support Services will seek repayment of money if they are not satisfied that it has been used to pay for the care and support agreed in your Managed Care and Support Plan. We may also require repayment if you have not met any condition imposed by us or by the legal requirements relating to Support Budgets</i>”.</p> <p>Our testing identified that invoices are not always raised in such cases even though reminders clearly specify this, e.g. a direct payment was paid between November 2017 and June 2018 but no returns were ever submitted and no attempts made by the council to recover the payments. In a further case, our review prompted recovery of a payment in response to a citizen’s wife notifying the council sometime previously that they owed an element of the direct payment as the citizen had gone into residential care.</p> <p>In one case (out of a sample of 7) our review prompted the FAOs to check with a third party provider if any funds were due to be repaid after the citizen had died – this led to £204.71 being recovered.</p> <p>Our concern is that there may be other funds that need to be recovered.</p>		
<b>Action (Ref)</b>	<b>Agreed Management Action</b>	<b>Responsibility</b>	<b>Deadline</b>
5.1	Implementation of pre-payment cards for new and existing direct payment recipients. This has already been scoped including a separate payment method (see action 2.8).	Principal Manager (Operational Services)/ Team Manager (Client Services)	31/03/2020
5.2	We accept the comments but the FAOs, as a support service, have been constrained by the ICT systems that the council uses. Implementing Support Budgets has been difficult for the Team as we are learning that our systems are unable to cope or accommodate all the changes required by support budgets. As the PARIS contract is coming to an end, the council is looking to implement the Welsh Community Care Information System (WCCIS) over the next three years. We welcome the feedback from this report as it gives us the	Team Manager (Client Services)	Not applicable

	opportunity to define our finance system requirements going forward in anticipation of the growth of the Support Budget provision.		
5.3	Implementation of a Team Support Budget Monitoring spreadsheet with standardised recording across the Team.	Team Manager (Client Services)	31/12/2019

5.4	<p>Project to move monitoring role from all FAOs to specific FAOs, this will be part of the wider project to implement payment and monitoring of support budgets via prepaid cards solution.</p> <p>The financial monitoring capability of WCCIS will also be explored as part of the three year implementation project.</p>	Team Manager (Client Services)	30/09/2020
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## Report Recipients

- Head of Community Support Services
- Principal Manager (Operational Services)
- Team Manager (North Locality)
- Team Manager (South Locality)
- Team Manager (Complex Disabilities)
- Team Manager (Stepdown and Review team)
- Team Manager (Client Services)
- Team Manager (Business Support)
- Quality & Policy Officer
- ICT Business Partner (Community Support Services)
- ICT Business Partner (responsible for CIS system)
- Business Systems Officer (PARIS)
- Senior Finance & Assurance Officer (Community Support Services)
- Principal Finance & Assurance Officer
- Corporate Director: Communities
- Chief Executive
- S151 Officer
- Service Manager (Client Services)
- Principal Manager (Support Services)
- Service Manager (Specialist Services)
- Service Manager (Localities)
- Strategic Planning & Performance Officer
- Scrutiny Co-ordinator
- Chair – Performance Scrutiny Committee
- Lead Member for Wellbeing and Independence
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance Committee
- Lead Officer (Destination, Marketing and Communication)

## Internal Audit Team

Lisa Harte	Senior Auditor	01824 708084 lisa.harte@denbighshire.gov.uk
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## Key Dates

Review commenced	December 2018
Review completed	June 2019
Reported to Corporate Governance Committee	11 September 2019

Proposed date for 1st follow up review
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January 2020
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## Appendix 1 – Risk Matrix and Assurance Ratings

Likelihood		>70%	Almost Certain	A						
		Event likely to occur in most circumstances	30–70%	Likely	B					
		Event will possibly occur at some time	10–30%	Possible	C					
		Event unlikely and may occur at some time	1–10%	Unlikely	D					
		Event rare and may occur only in exceptional circumstances	<1%	Rare	E					
					5	4	3	2	1	
					Very Low	Low	Medium	High	Very High	
					Service Performance	Minor errors or disruption	Some disruption to activities/ customers	Disruption to core activities/ customers	Significant disruption to core activities. Key targets missed	Unable to delivery core activities. Strategic aims compromised
					Reputation	Trust recoverable with little effort or cost	Trust recoverable at modest cost with resource allocation within budgets	Trust recovery demands cost authorisation beyond existing budgets	Trust recoverable at considerable cost and management attention	Trust severely damaged and full recovery questionable and costly
					Financial Cost (£)	< £50k	£50k – £250k	£250k – £1m	£1 m – £5 m	> £5m
					<b>Impact</b>					

Levels of Assurance		Definition	Management Intervention
	High Assurance	Risks and controls well managed and objectives being achieved.	Minimal action required, easily addressed by line management.
	Medium Assurance	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives.	Management action required and containable at service level. Senior management and SLT may need to be kept informed.

Low Assurance	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.	Management action required with intervention by SLT and / or CET.
No Assurance	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives.	Significant action required in a number of areas. Require immediate attention from SLT or CET.