

# Internal Audit of Direct Payments for Children

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Internal Audit Standards

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## Purpose and Scope of Review

We carried out a review of Direct Payments as this area has not been reviewed for some time and as part of our proactive counter fraud measures. This review provides assurance for senior managers within the Education & Children's Services (ECS), the Annual Internal Audit Report and Annual Governance Statement.

Our scope covered the following areas:

- Policies and Procedures;
- Referrals and Assessment;
- Employment of Personal Assistants;
- Transition Arrangements; and
- Monitoring and Closure of Direct Payments.

We have previously carried out a review of support budgets and direct payments within Community Support Services (CSS), which was reported to Corporate Governance & Audit Committee in September 2019.

## Background & Context

A direct payment is an option that is considered for providing care and support to comply with the Social Services and Well-being (Wales) (SSWB) Act 2014 focusing on achieving outcomes for citizens. This can either be paid to the child's parent or carer, or into a managed account where a third party provider will administer the funds.

Traditionally, individuals or their representatives have not been able to shape the kind of support they need. One of the key principles of the SSWB Act is about empowering them to have a say and control to improve their wellbeing, so with a personalised approach, such as a direct payment, it enables them 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. Since we completed our audit fieldwork, a prepayment card option has been implemented.

While any child that has been assessed as needing care and support could be provided with a direct payment, where appropriate, it is currently only the Children with Disabilities team that offers them. Both the third party provider and the financial assessment officers from CSS are involved in this process. At the time of our review, there were 29 children supported by a direct payment, 8 of which were provided through a managed account, and a further 9 cases were pending (no payment was being made until a personal assistant was appointed).

## Audit Opinion

Staff within the Children with Disabilities team have been provided with training on direct payments, but the Service would benefit from having documented guidance to ensure staff are clear of the process and it is followed consistently. It is planned for this to be co-ordinated with the CSS to produce common guidance for direct payments. Similarly, the Service does not have documented guidance for parents or carers, instead commissioning a third party provider to supply this information and advice to citizens.

There is a robust process for referring citizens via the Children and Families Support Gateway and then passed to the relevant team so a social worker can obtain further information to establish the needs of the child and whether direct payments should be pursued.

Currently, only the Children with Disabilities team provide direct payments within the Service. This needs to be reviewed to ascertain where this option would be appropriate, in line with the SSWB Act. The structures may have to be reviewed to accommodate any additional demand as the Service shares both the review team and financial assessment team with CSS. Processes for managing direct payments will also need to be reviewed prior to any extension of the service provision to ensure they are robust, and staff are clear of their roles and responsibilities.

Information relating to direct payments is difficult to find due to how it is recorded. For instance, direct payments are not always mentioned in care plan documentation, as the Children with Complex Needs (CWCN) Panel will not have approved the direct payment at this stage. The recording of the direct payments process, from assessment to approval, has not been consistently recorded on the PARIS system, with a lot of information being contained in case notes. This is due to the number of changes being made within the system to reflect the implementation of the SSWB Act. Having robust guidance should help to alleviate this issue, together with completion of regional care and support plan templates which are in the process of being developed.

The data held on the PARIS system in relation to direct payments needs to be reviewed to ensure that it is accurate and up-to-date. Direct payment cases also need to be closed

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down more promptly on PARIS. This would assist in providing a reliable mechanism for robust system reporting.

Direct payments are mainly used to employ a personal assistant to assist in supporting the child, e.g. for taking them to activities. The third party provider can advise parents or carers on employment rights including right to work in the UK and disclosure barring service (DBS) checks. They can also arrange for DBS checks to be carried out and ensure that appropriate employer liability insurance is in place. Too much reliance has been placed on the third party provider to carry out this role without adequate checks by the council that their roles and responsibilities are being fulfilled. Our sample testing identified that:

- We could not find evidence of DBS checks for all personal assistants in our sample (4 out of 11 cases could not be found);
- Neither the provider nor the council confirm that the parent or carer has carried out a right to work in the UK check on the personal assistant; and
- Not all parents or carers provide copies of their employer liability insurance despite their contract detailing this responsibility, yet the direct payment is still paid.

Principal Managers, in both ECS and CSS, have convened a working group to review our current arrangements with third party suppliers and to explore options to address some of the issues in recruitment and sustainability of personal assistants in the county. The service has analysed the difficulties in recruiting personal assistants, and are exploring options to stimulate the market. If direct payments are recovered because of recruitment issues, the child's outcomes may not be met or alternative service provisions could be more costly than direct payments. These circumstances are not unique to Denbighshire and similar issues in recruitment and retention of personal assistants are experienced across Wales.

Currently, no contract is in place with the third party provider to supply this support. The provider is also used by CSS who use them more often. While there was a contract in place previously, the council 'spot purchases' with them while current arrangements are reviewed. Expenditure for the financial year 2019/2020 was £45,130. Consequently, the council has contravened Contract Procedure Rules (CPRs) in exceeding tendering thresholds i.e. £25k and above requires quotations and a contract.

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Direct payments are calculated consistently in terms of the hourly rate that should be paid to the personal assistant, which are authorised by the CWCN Panel before payment. There is a signed agreement in place with the parent or carer for managing the direct payment.

There was a lack of evidence of the child's outcomes being reviewed within the designated six month period. Social workers are inconsistent in how they record their outcome reviews, a new template had been designed to rectify this but had not been fully implemented at the time of our review. Instead, social workers maintain their records to prompt them to arrange this visit and cases are reviewed as part of the supervision process, but it would be more practical, to record the agreed review date on the PARIS system so there is an automatic prompt when the next review is due.

Financial monitoring needs to be improved as direct payments have been made towards a personal assistant without one being in post, or to identify where balances are significantly accruing. On occasions, there were delays in recovering funds from the parent, carer or the third party provider where a direct payment had ended. An issue in relation to financial monitoring was raised in our Support Budgets & Direct Payments (CSS) review and after the conclusion of our review, prepayment cards were introduced, which will improve monitoring arrangements. Therefore, we are satisfied that suitable action has been taken to address this issue.

There needs to be better co-ordination between the Children with Disabilities team and the financial assessment officers (FAOs). For instance, when a social worker is visiting the parent or carer to discuss the direct payment and reviewing the child's outcomes, if any financial issues are identified, these should be passed to the FAOs for further investigation. Similarly, if the FAOs pick up any issues as part of their financial monitoring, such as returns not being submitted, these should be reported to the social worker who can discuss it as part of their next visit.

We carried out a brief review of the arrangements for direct payments from when the child transitions from the Service to CSS. Overall, this was positive as there are processes in place to ensure that children are identified at an early stage, and there is a dedicated officer to assist with the process. There is currently no documented guidance for managing the process and continuity arrangements need to be reviewed to ensure that they are effective.

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In conclusion, although there were some positive measures in place, because of the significance of the risks being raised, we provide a low assurance rating.

Low Assurance ●

Significant weaknesses in management of risks and/or control that put achievement of objectives at risk

## Action Plan

### Issue 1 – No documented guidance on direct payments or transition arrangements

**Staff may not be clear of their duties and therefore carry out processes inconsistently - Moderate Risk ●**

Agreed action	Responsibility	Deadline
1.1 CSS and Education & Children's Services to co-productively develop guidance for detailing the arrangements in place for when a child transitions to adulthood.	Team Manager (Complex Disabilities)/ Senior Social Worker/ Transition Social Worker, CSS Complex Disabilities Team	Complete
1.2 Review shared Direct Payment Guidance and Procedures with CSS (last updated April 2019) to ensure that standard recording practices are clear and reflect the new templates and incorporate guidance on transition guidance.	Principal Manager (Intervention, Prevention, Health & Wellbeing)/ Principal Manager (Operational Services)	31/03/2021

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## Issue 2 – Direct payments only provided in the Children with Disabilities team

This should be reviewed to ensure the Service is complying with the Social Services and Wellbeing Act (SSWB) - Moderate Risk ●

Agreed action	Responsibility	Deadline
2.1 Complex Disability Team (Transition) to develop a system which ensures that the required list of children transitioning to CSS is accessible to the management team.	Team Manager (Complex Disabilities)/ Senior Social Worker	Complete
2.2 Meeting held to confirm that Direct Payments cannot be utilised in other Children's Social Care teams currently.	Director of Social Services/Head of Children's Services	Complete
2.3 Meeting to address the business continuity arrangements for the Children with Disabilities Team Manager to ensure that appropriate cover is available for leave and sickness absence from other team managers within the service.	Principal Manager (Intervention, Prevention, Health & Wellbeing)/Interim Head of Children's Social Care	31/12/2020

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## Issue 3 – Key management information held is not robust

**Direct payment information is either not recorded, recorded incompletely or incorrectly. This has meant that information cannot easily or accurately be reported on to enable effective monitoring - Major Risk ●**

Agreed action	Responsibility	Deadline
3.1 Both Adults and Children's services are considering a move from PARIS to an alternative social Care recording system such as WCCIS which would address these issues (will be followed up as part of the Support Budgets review).	N/A	N/A
3.2 There have been issues with recording on PARIS. As PARIS is not used for making payments there are sometimes issues with double inputting data on both PARIS and the system used for payment (CIS or Proactis). The newest version of PARIS (6.1 build 19.39) has now been completed and ICT are currently investigating implementing changes to system to allow budget codes and tariffs to be recorded and edited.	Principal Manager (Intervention, Prevention, Health & Wellbeing)/ Principal Manager (Operational Services)	31/12/2020
3.3 In the meantime, procedures and standards for recording direct payments in PARIS will be reviewed and the FAO Team will work with the Children with Disabilities Team to improve communication and data recording as much as possible considering the identified issues with PARIS.	Team Manager (Client Services)/ Team Manager (Children with Disabilities)	31/03/2021
3.4 Update recording guidance to standardise recording of Direct Payment information within new care and support plan and review templates.	Team Manager (Children with Disabilities)	31/03/2021

## Issue 4 – Non-adherence to Contract Procedure Rules (CPRs)

**There is no contract in place with the third party provider for supplying advice and support and the managed account service for direct payments.**

**This contravenes CPRs and the council could be challenged. - Major Risk ●**

Agreed action	Responsibility	Deadline
4.1 A joint working group has been set up by the Principal Managers in CSS and ECS to research and review the service specification for a Direct Payment Support Service going forward and an action plan is in place to pursue options to address the issues and commission an appropriate service to meet our requirements.	Principal Manager (Intervention, Prevention, Health & Wellbeing)/ Principal Manager (Operational Services)	31/03/2021
4.2 A prepaid card solution has been implemented by both Adults and Children's Services for Direct Payments which would reduce the need for a managed account service.	Team Manager (Client Services)	Complete

## Issue 5 – Personal Assistants’ Process is not robust

**Too much reliance is placed on the third party provider without adequate checks - Major Risk ●**

Agreed action	Responsibility	Deadline
5.1 To review the support provider service in relation to employing PAs and DBS and to consider alternatives. To consider the Authority taking on a more ‘hands-on’ approach rather than the light touch monitoring requested by the Director of Social Services.	Principal Manager (Intervention, Prevention, Health & Wellbeing)/ Principal Manager (Operational Services)	31/03/2021
5.2 To contact the All Wales Direct Payment Forum to gain an understanding of other Welsh Authority’s monitoring process with regard to PAs and DBS checks.	Team Manager (Client Services)	Complete

## Issue 6 – Reviews of outcomes are not robust

**There is a lack of evidence to confirm that outcome reviews are reviewed in line with the SSWB Act - Major Risk ●**

Agreed action	Responsibility	Deadline
6.1 Create recording standards for social worker team to ensure that information regarding direct payment, decisions, arrangement and reviews are recorded consistently.	Team Manager (Children with Disabilities)	30/09/2020
6.2 Carry out quality assurance audit to ensure that social workers are using the existing template to review cases and are complying with recording standards.	Team Manager (Children with Disabilities)	31/012021

## Appendix 2 – Assurance Ratings Definitions

High Assurance ●	Risk and controls well managed and objectives are being achieved
Medium Assurance ●	Minor weaknesses in management of risks and/or objectives but no risk to achievement of objectives
Low Assurance ●	Significant weaknesses in management of risks and/or control that put achievement of objectives at risk
No Assurance ●	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

## Report Recipients

- Principal Manager (Intervention, Prevention, Health & Wellbeing, ECS)
- Interim Head of Children's Social Care
- Team Manager (Children with Disabilities team, ECS)
- CSS Team Managers (Complex Disabilities, Client Services and Business Support)
- Principal Managers (Operational Services, Support Services CSS)
- Service Manager (Client Services)
- Head of Community Support Services
- Senior Finance & Assurance Officer (Education & Children's Service)
- Legal & Procurement Operations Manager
- Corporate Director (Communities)
- Lead Officer (Destination, Marketing and Communication)
- Chief Executive
- Section 151 Officer
- Strategic Planning & Performance Officer
- Scrutiny Coordinator
- Chair-Performance Scrutiny Committee
- Lead Member for Education, Children's Services & Public Engagement
- Lead Member for Finance, Performance & Strategic Assets
- Corporate Governance & Audit Committee

## Internal Audit Team

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## Key Dates

Review commenced	September 2019
Review completed	November 2019
Reported to Corporate Governance & Audit Committee	18 November 2020
Proposed date for first follow up review	April 2021