

Appendix A

Internal Audit Report 2420 – Self-Directed Support (SDS)

Overall opinion

Net Risk Rating	Description	Assurance Assessment
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Service	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Head of Service.

Assurance assessment

The level of net risk is assessed as **MAJOR**, with control framework deemed to provide **LIMITED** assurance over the Council's Self-Directed Support (SDS) arrangements.

Under the Social Care (Self-Directed Support) (Scotland) Act 2013, service users assessed as needing non-residential care or support must be offered the following Self-Directed Support options:

- **Option 1** – The service user can choose how their budget is used and the service user (or representative) manages the budget (also known as a Direct Payment).
- **Option 2** – The service user can choose how their budget is used but the budget is managed by a third-party provider (usually an Individual Service Fund (ISF)).
- **Option 3** – The service user requests the Council to choose and arrange their services.
- **Option 4** – A mix of the above.

In 2022/23, £10.9m was provided to 860 service users or their representatives under Self Directed Support Options 1 and 2 (including those within an Option 4). Whilst this audit covers Option 3 in relation to the overall SDS budget position and reviews of care packages, its focus is Option 1 and 2 care packages, with Internal Audit report 2424 Social Care Commissioning – Support at Home covering Option 3 Support at Home care packages in more detail.

Practitioners assess in consultation with the client and other professionals the care a client requires. This results in a support plan being developed and costed. Due to the complex nature of the assessment of clients' needs and the professional knowledge of qualified practitioners undertaking the assessment, Internal Audit placed reliance

on the assessment process and the Service's internal checking procedures in arriving at the care package best suited for each client. In addition, client contributions towards chargeable care were excluded since these were covered as part of the stand-alone review of financial assessments in Internal Audit report 2119.

Reasonable assurance has been taken over the following aspects of the Council's self-directed support process.

- **Supported Persons Agreement** – A signed supported persons agreement, detailing the responsibilities placed upon clients while receiving SDS through option 1, or option 2, or these same options via option 4, was in place for 30 care packages reviewed.
- **Payment Accuracy** – Weekly payments recorded in the CareFirst System agreed to those reported to the Health and Social Care Partnership (HSCP) Finance team for input to the system by practitioners (via a Financial Instruction Spreadsheet) for Option 1 and 2 care packages as well as agreeing to what was actually paid through the Council's creditors system.

However, the review identified some areas of weakness where enhancements could be made to strengthen the framework of control, specifically:

- **Care and Finance Reviews** – Practitioner operational guidance indicates a client should receive a six-week review after receiving a new or materially changed care package and then at least annually thereafter to evaluate the effectiveness of the plan against the outcomes identified, review the options choice, and identify where changes are required. A separate review by the Social Work Finance Team of the use of the payment card account by the client or the ISF acting on their behalf, and any excess balances, should also take place a minimum of annually, as well as a review of any additional 'off-off cost' payments included in care packages to verify if these should continue. Such reviews should be diarised and recorded in the CareFirst System. An extract from the CareFirst System found 1,621 overdue reviews (1,329 (82%) practitioner reviews, 292 (18%) Finance team reviews) for all SDS Option care package types. Overdue reviews across all Option types varied between a month and just over four years overdue. Failure to carry out regular reviews could result in clients receiving incorrect care provision and could result in extra unnecessary costs to the Council, excess account balances not being reclaimed timeously, and subsequent inappropriate payments by clients / their guardians.
- **Delegated Authority** – Practitioners self-approve care packages up to a value of £375 per week (pw) with any care packages above this requiring approval by Team Managers, Location Managers or Partnership Managers/Strategic Commissioning and Resource Group (SCRAG) depending on the payment value threshold reached. However, these levels of approval have not been formally delegated for Option 1 and 2 care packages, risking a breach of the Council's Scheme of Governance, payment control, and Best Value.
- **Approval** – From testing of cases over £375 pw (two tested were below £375 pw), evidence of approval was absent for 15 (54%) of 28 cases reviewed. Approval records are also reliant on supporting documentation held outwith the CareFirst System since a workflow-based system of escalation and approval is

absent. This risks unauthorised and unwarranted payments due to a lack of necessary scrutiny.

- **Care Package Budget Determination** – Under the Social Care (Self-Directed Support) (Scotland) Act 2013, councils have a duty to make service users aware of the “relevant amount” available to them to meet their support needs. The resource allocation system (RAS) is used to calculate an indicative budget for this purpose. All 24 (100%) receiving ongoing Option 1 and 2 care packages reviewed had a RAS as required. However, the final support plan exceeded the RAS indicative budget for 18 (75%) of these by a total weekly value of £15,700 (excess ranging from £62 pw to £5,000 pw). At the time of review across all SDS option types, including Option 3, 1,047 (33%) annual personal budgets exceeded the RAS by £23.0m slightly offset by 1,933 (60%) clients where the personal budget was below the RAS by £16.4m (net excess £6.6m). 217 (7%) had no RAS budget recorded in the system. Whilst it is clear the SCRAG offers a means of scrutinising Learning Disabilities care packages to help ensure their appropriateness, care packages are regularly determined by HSCP officers to exceed what the RAS indicates, and there is a lack of clear procedures on what justifies enhancements to care packages above RAS thresholds, risking Best Value. In addition, there is not an equivalent forum to the SCRAG for scrutinising high-cost Older People / Physical Disabilities care packages. These issues are contributing to the forecast overspend of £5.6m for 2023/24 reported to the IJB on 31 January 2024 attributed to “*client care packages [due to] demographic increases and complexities of care*” (Learning Disabilities £3.7m, Older People / Physical Disabilities £1.9m). This overspend is net of contributions from clients resulting from Financial Assessments and covers Options 1, 2, 3 and 4 SDS care packages.
- **Recovery of Balances (Overdue Recovery)** – Whilst a client is provided a care package based on a practitioner assessment and payments are made based on this, there are instances where the client is unable to obtain that level of care, due to limited third party supply. For this reason, clients’ accounts often end up in credit. The finance procedures indicate that any credit balances over six weeks of weekly budget should be recovered after discussion with the practitioner. 16 (53%) of 30 cases reviewed had balances beyond the six-week threshold (cumulative excess for 16 - £144k), which had not been recovered and no documentation was in the electronic records to indicate a discussion with the practitioner to justify this. Where unnecessary balances are left unrecovered from clients this increases the risk of inappropriate use of funds by clients / their guardians.
- **Recovery of Balances (Bank Transfer Authority)** – When recovering excess balances whether due to underspends or care packages ending, it was noted four HSCP officers have the authority to undertake bank transfers from any of the client SDS bank accounts for this purpose. This action currently only requires a single officer’s authority. For recovery of excess balances, the default bank account is the Council’s general account. However, where HSCP officers are required to process payments on behalf of the client/carer (e.g. client deceased with outstanding care costs to be paid) these officers are able to determine which bank account is to be credited, without a two-person approval process, risking inappropriate payments.

Recommendations have been made to address the above risks including establishing a system of oversight and control over reviews of care needs and payment card accounts; formalising delegated authority over SDS payments; reviewing the system for determining care package budgets to ensure it is fit for purpose; and enhancing control over care package approval, including if feasible introducing a workflow-based electronic system of escalation and approval. In addition, the HSCP is recommended to improve control over SDS payment card accounts, including timely cessation of payments when care packages end, timely recovery of excess balances, and a two-officer bank transfer process for social care finance team payments to suppliers on behalf of clients.

Severe or major issues/risks

Issues and risks identified are categorised according to their impact on the Council. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating																																							
1.2	<p>Care Package Budget Determination and Overspend – Under the Social Care (Self-Directed Support) (Scotland) Act 2013, councils have a duty to make service users aware of the “relevant amount” available to them to meet their support needs. The resource allocation system (RAS) within the CareFirst System is used to calculate an indicative budget for this purpose. This covers Older People/Physical Disabilities (OP/PD); Mental Health (MH); and Learning Disabilities (LD) cases as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th></th> <th colspan="3" style="background-color: #003366; color: white;">Indicative Budget Per Year</th> </tr> <tr> <th style="background-color: #003366; color: white;">Assessment Needs</th> <th style="background-color: #003366; color: white;">OP/PD</th> <th style="background-color: #003366; color: white;">MH</th> <th style="background-color: #003366; color: white;">LD</th> </tr> </thead> <tbody> <tr> <td>Low</td> <td>Up to £3,930</td> <td>£0</td> <td>£0</td> </tr> <tr> <td>Moderate</td> <td>£3,931 - £8,210</td> <td>Up to £7,068</td> <td>Up to £10,842</td> </tr> <tr> <td>Substantial</td> <td>£8,211 - £13,030</td> <td>£7,069 - £19,344</td> <td>£10,843 - £28,490</td> </tr> <tr> <td>Critical</td> <td>£13,030 - £19,500</td> <td>£19,345 - £37,200</td> <td>£28,491 - £50,600</td> </tr> </tbody> </table> <p>On reviewing client packages across all SDS Option types, including Option 3, 1,933 clients had a personal budget below the RAS (£16.4m) while 1,047 were higher (£23.0m) and 217 had no RAS budget recorded in the system as shown below, with a net excess of £6.6m:</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="background-color: #003366; color: white;">Actual Budget Compared to RAS</th> <th style="background-color: #003366; color: white;">Count</th> <th style="background-color: #003366; color: white;">Over/Under RAS (£m)</th> </tr> </thead> <tbody> <tr> <td>Budget Higher Than RAS</td> <td>1,047</td> <td>23.0</td> </tr> <tr> <td>Budget Lower Than RAS</td> <td>1,933</td> <td>16.4</td> </tr> <tr> <td>No RAS</td> <td>217</td> <td>-</td> </tr> <tr> <td>Total</td> <td>3,197</td> <td>6.6</td> </tr> </tbody> </table> <p>This shows the required care packages are regularly determined by HSCP officers to exceed what the RAS indicates.</p> <p>Whilst the Strategic Commissioning and Resource Allocation Group (SCRAG) scrutinises high cost care packages relating to Mental Health</p>		Indicative Budget Per Year			Assessment Needs	OP/PD	MH	LD	Low	Up to £3,930	£0	£0	Moderate	£3,931 - £8,210	Up to £7,068	Up to £10,842	Substantial	£8,211 - £13,030	£7,069 - £19,344	£10,843 - £28,490	Critical	£13,030 - £19,500	£19,345 - £37,200	£28,491 - £50,600	Actual Budget Compared to RAS	Count	Over/Under RAS (£m)	Budget Higher Than RAS	1,047	23.0	Budget Lower Than RAS	1,933	16.4	No RAS	217	-	Total	3,197	6.6	Yes	Major
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	<p>and Learning Disabilities via a business case based application process and all care packages exceeding £50k should be the subject of scrutiny by the Chief Officer - IJB, there is not presently clear guidance on what is and is not permissible in terms of additional support, where this will result in RAS upper thresholds being exceeded, risking financial pressure.</p> <p>These issues are contributing to the forecast overspend of £5.6m for 2023/24 reported to the IJB on 31 January 2024 attributed to “client care packages [due to] demographic increases and complexities of care” (Learning Disabilities £3.7m, Older People / Physical Disabilities £1.9m). This overspend is net of contributions from clients resulting from Financial Assessments and covers Options 1, 2 and 3 SDS care packages.</p>																																																																																													
1.5	<p>Case Reviews – The SDS operational procedures indicate a care review should be undertaken by a social work practitioner six weeks after a client has received a new/amended assessment and then a minimum of annually thereafter to ensure support plans are addressing required outcomes. Social work practitioners should also complete an annual review of budget to ensure it remains appropriate based on care needs of the client.</p> <p>In addition, ‘one-off’ cost/direct payment and payment card reviews should be undertaken by the HSCP Finance team, a minimum of annually. Clients may receive funding for ‘one-off’ costs / direct payments as part of their annual care package. These should be subject to review to determine whether they continue into the following year. Payment card reviews should also be undertaken to ensure appropriate use of funds and recovery of excess balances.</p> <p>However, 1,621 (Option 1 – 379, Option 2 – 34, Option 3 – 985, and Option 4 – 223) reviews relating to 1,206 care packages (Option 1 – 245, Option 2 – 31, Option 3 – 788, and Option 4 – 142) were overdue. The 1,621 overdue reviews were made up of 1,329 (82%) practitioner reviews and 292 (18%) Finance reviews.</p> <table border="1"> <thead> <tr> <th>Review Type</th> <th><12m</th> <th>12-24m</th> <th>24-36m</th> <th>36-48m</th> <th>48-60m</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>‘One-Off’ Costs / Direct Payment</td> <td>58</td> <td>12</td> <td>3</td> <td>3</td> <td>2</td> <td>78</td> </tr> <tr> <td>Payment Card</td> <td>67</td> <td>67</td> <td>64</td> <td>13</td> <td>3</td> <td>214</td> </tr> <tr> <td>Total</td> <td>125</td> <td>79</td> <td>67</td> <td>16</td> <td>5</td> <td>292</td> </tr> <tr> <td>Practitioner</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Annual Budget</td> <td>331</td> <td>73</td> <td>31</td> <td>3</td> <td>0</td> <td>438</td> </tr> <tr> <td>Older People / Physical Disabilities</td> <td>573</td> <td>69</td> <td>21</td> <td>5</td> <td>0</td> <td>668</td> </tr> <tr> <td>Substance Misuse</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> <td>1</td> </tr> <tr> <td>Learning Disability</td> <td>164</td> <td>17</td> <td>10</td> <td>2</td> <td>0</td> <td>193</td> </tr> <tr> <td>Mental Health</td> <td>26</td> <td>1</td> <td>2</td> <td>0</td> <td>0</td> <td>29</td> </tr> <tr> <td>Total</td> <td>1,094</td> <td>160</td> <td>64</td> <td>11</td> <td>0</td> <td>1,329</td> </tr> <tr> <td>Grand Total</td> <td>1,219</td> <td>239</td> <td>131</td> <td>27</td> <td>5</td> <td>1,621</td> </tr> </tbody> </table>	Review Type	<12m	12-24m	24-36m	36-48m	48-60m	Total	Finance							‘One-Off’ Costs / Direct Payment	58	12	3	3	2	78	Payment Card	67	67	64	13	3	214	Total	125	79	67	16	5	292	Practitioner							Annual Budget	331	73	31	3	0	438	Older People / Physical Disabilities	573	69	21	5	0	668	Substance Misuse	0	0	0	1	0	1	Learning Disability	164	17	10	2	0	193	Mental Health	26	1	2	0	0	29	Total	1,094	160	64	11	0	1,329	Grand Total	1,219	239	131	27	5	1,621	Yes	Major
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	<p>Overdue reviews across all Option types varied between a month and just over four years overdue.</p> <p>Failure to carry out regular reviews could result in clients receiving incorrect care provision and could result in extra costs to the Council, payments being made for non-approved costs or excess account balances not being reclaimed timeously.</p>		
1.7	<p>Recovery of Funds – The SDS Finance Staff Guidance states: <i>“If the client has a balance in excess of 6 weeks funds in their Payment Card account [or] if the client appears on the report for surplus funds, finance will contact the practitioner to discuss before deciding if any surplus funds should be recovered”.</i></p> <p>However, it was noted that 16 (53%) of 30 cases reviewed had balances beyond the six-week threshold (cumulative excess for 16 - £144k), with no documentation on file indicating the reason for balances being left unrecovered. Based on the outstanding Finance team reviews described at 1.5 above, the number of excess balances may be higher but not yet identified.</p> <p>The HSCP Finance team confirmed excess balances were last reviewed in October 2023, when excess balances exceeding six weeks at that time were £1.4m. However, activity to address the excess balances was limited due to staff availability.</p> <p>Failure to recover excess balances increases the risk of clients subsequently utilising balances for non-agreed costs, risking Best Value.</p>	Yes	Major

Management response

The Management Team fully accepts the recommendations of the audit and will implement actions to strengthen the system of control and make improvements in the areas identified above to minimise risks:

- Care Package Budget Determination and Overspend – The increased number of SDS budgets over that identified by the RAS is a concern that reflects the increased costs of care that are reflected accurately in the current system. It had already been identified as an action for the SDS Team. Reviewing the current Resource Allocation System requires accountancy input and was already arranged to commence from July 2024 and concluded by 31st December 2024.*

The SCRAG panel for Mental Health and Learning Disability adult services was implemented prior to the creation of the HSCP in 2016. For the Older Adult and Physical Disabilities Services work is ongoing to create a high-cost scrutiny panel to improve budget management which will provide equal level of scrutiny across services.
- Case Reviews – Historically, it has been social work practice to review cases on an annual basis. This annual review would include all practitioner review*

categories. However, due to increased demands on the service there has been a need to prioritise activity, based on risk and urgency of need on assessment. This has resulted in a focus on reactive review (in response to changing needs) rather than on a planned, annual basis.

This focus reflects the fact that stable care provision rarely decreases, with the annual review unlikely to identify a reduction in support. It also recognises that review of care is a requirement for the service provider and any changes in need will be communicated through that process.

Reviews and continuous assessment within our re-enablement and recovery work do affect reductions in support. However, reductions in budget are rarely experienced in stable packages, particularly for older people. Given this we will not seek to review stable packages and will review guidance and procedures to confirm the current practice of reviewing reactively is effective and safe. As part of the review of SDS guidance and procedures there will be improved guidance and training for practitioners, that reflects current practice.

- *Recovery of Funds – An additional member of staff to the HSCP Finance Team to ensure effective recovery of funds.*