

Internal Audit Report

Self-Directed Support – Children’s Services

12 June 2023

CEJ2203

Overall Assessment	Limited Assurance
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This Internal Audit review is conducted for the City of Edinburgh Council under the auspices of the 2022/23 internal audit plan approved by the Governance, Risk and Best Value Committee in March 2022. The review is designed to help the City of Edinburgh Council assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Although there are specific recommendations included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the City of Edinburgh Council. Communication of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings will be raised with senior management and elected members as appropriate.

Executive Summary

Overall
Assessment

Limited
Assurance

Overall opinion and summary of findings

Review of the design and operating effectiveness of key controls established to ensure that Self-Directed Support (SDS) budgets within Children’s Services are managed effectively and in compliance with the Scottish Government’s Framework of Standards identified the following control weaknesses:

- although there are documented SDS procedures, there is no evidence of an effective procedure management process as procedures are not up to date, and there is no formal approval process or evidence that they have been communicated to relevant officers
- sample testing highlighted inconsistencies in the processing and the recording of SDS budget support plans within the Swift system
- there is a lack of clarity over the authorisation process of individual SDS budget support plans
- there is a lack of evidence of actions taken to manage the risk of SDS overspends.









Areas of good practice:

- there is regular financial reporting on SDS budgets and meetings with Finance accountants
- all cases tested within our audit sample had evidence of an allocated worker for each SDS case.

Overall management response

Management are currently undertaking a review to improve the key processes which support Self-directed Support (SDS) for children, with several key actions currently underway. The issues identified in the audit will be used to support ongoing improvement in both the design and operating effectiveness of internal controls.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Policies, procedures, and processes			Finding 1 – SDS policies and procedures	High Priority
2. Self-Directed Support options			Finding 2 – Processing and recording of SDS work	Medium Priority
3. Allocation and review of funding			Finding 3 – Authorisation of individual SDS budget support plans	Medium Priority
4. Oversight and reporting			Finding 4 – Budget review and oversight	Medium Priority

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Background and scope

The [Social Care \(Self-Directed Support\) \(Scotland\) Act 2013](#) came into effect on 1 April 2014 and is a key building block of public service reform. Self-Directed Support (SDS) is a way of providing social care support that empowers individuals to have informed choice about how support is provided to them with a focus on working together to achieve individual outcomes.

The Scottish Government published the [Self-Directed Support Framework of Standards](#) in March 2021. The Framework consists of a set of standards written specifically for local authorities to provide them with an overarching structure, aligned to legislation and statutory guidance, for further implementation of the self-directed support approach and principles.

The standards were updated in August 2022 following a period of consultation with local authorities, and now include a standard focusing on addressing the challenges of personalised budgeting. Self-Directed Support funding is available for anyone who has been assessed as eligible. This includes unpaid carers, children, families, adults, and people in later years of life. These individuals will then be given different choices to meet their care and support needs. The different options available under Self-directed Support are highlighted in [Appendix 2](#).

Support is provided by the four Locality-based Children's practice teams, a city-wide team which works with children affected by disability, and the city-wide Young People's Service.

Budget overspends were identified as a risk within the service area and the Executive Director of Children, Education and Justice Services requested that this planned 2022/23 Internal Audit of SDS included a targeted review of the budgeting process.

Scope

The objective of this review was to assess the design and operating effectiveness of the key controls established to ensure that Self-Directed Support budgets are managed effectively and in compliance with the Scottish Governments Framework of Standards, and that there is a consistency of application across Children's Services.

Risks

- Financial and Budget Management
- Supplier, Contractor, and Partnership Management
- Workforce
- Service Delivery
- Regulatory and Legislative Compliance.

Limitations of Scope

The following areas were excluded from scope:

- the setting of the overall budget for Self-Directed Support.

Reporting Date

Testing was undertaken between 1 April 2022 and 31 December 2022.

Our audit work concluded on 29 March 2023 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – SDS Policies and Procedures

Finding Rating	High priority
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Policies and procedures are the foundation of an effective internal control environment. It is noted there is no overarching Self-Directed Support (SDS) policy in place within Children’s Services. There are SDS procedures, but they are not up-to-date, and there is no evidence that they were approved by the Senior Management Team or communicated to colleagues.

Review of the procedures identified a lack of clarity on the following:

- the financial authorisation table lacks clarity in respect of what constitutes a manager sign-off
- the financial approval levels are not clearly stated for the different officer grades
- the type or category of case note required to record the approval of an SDS case
- the Swift system guidance definitions for SDS Options 2 and 3 are not clearly defined and lack the clarity of the definitions stated in the SDS Practitioners’ Policy Guidance
- the reasons why processes differ for one-off payments were not clearly defined
- there was no evidence of a SDS Personal Budget Summary (which details the work to be performed and the cost) being completed in 11 (44%) cases.

Management also confirmed that relevant SDS Framework Standards have not been reflected in the Swift system processing templates.

Although management have advised that the weekly divisional meetings included discussion on the SDS standards with staff members, no documentation was provided to evidence these discussions.

Management have advised that there was a change in operational management of SDS prior to the start of the pandemic, and that the current management have been progressing the implementation and integration of the standards, which has involved a significant amount of work for the team.

Risks

- **Service Delivery** – the quality of service provided to children might not meet the required standards if policies and procedures are not up to date and comprehensive
- **Regulatory and Legislative Compliance** – there may not be compliance with SDS Framework Standards.

Recommendations and Management Action Plan: SDS Policies and Procedures

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
1.1	The SDS policy and procedures should be reviewed and updated, with the review specifically including coverage of the	1. SDS policy and procedures will be reviewed annually and updated and will specifically cover all the findings stated	Amanda Hatton, Executive Director of	Jen Grundy Children’s Practice Team Manager	31/10/2023

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	findings stated above. Once updated, SDS policy and procedures should be approved by senior management across Children's Services and the HSCP, communicated to all relevant officers, and a process established to ensure regular review.	<p>above. They will cover all services of the Council who implement SDS. (To be raised with Operational Director for HSCP).</p> <p>2. Once the policy and procedures have been updated, they will be approved by senior management and communicated to all relevant officers and a process will be established to ensure regular review.</p> <p>3. Staff will be trained in the updated policy and procedures. Updated SDS policy and procedures to link in with staff training across the Council.</p>	<p>Children, Education and Justice Services</p> <p>Mike Massaro-Mallinson, Service Director - Operations</p>	<p>Rose Howley Interim Chief Social Work Officer</p> <p>Catherine Mathieson, Cluster Manager</p>	
1.2	<p>The SDS Framework Standards should be reflected in the Swift system processing templates.</p> <p>The feasibility for adding this link to Swift (or the replacement system) should be considered and, where this is not possible, alternative controls to manage the risks will be developed.</p>	<p>1. The feasibility for adding this link to Swift (or the replacement system) with a focus on standard 8 of the SDS framework will be considered and where this is not possible, alternative controls to manage the risks will be developed.</p>	<p>Amanda Hatton, Executive Director of Children, Education and Justice Services</p>	<p>Jen Grundy Children's Practice Team Manager</p>	31/08/2023

Finding 2 – Processing and Recording of SDS Work

Finding
Rating

Medium
priority

SDS case notes are maintained on the Swift system, and staff are expected to use this to record all work performed. However, our review of a sample of 25 case notes identified:

- 6 out of the 25 cases tested highlighted an inconsistency in coding of funding; for example, a one-off payment was recorded in one section of the case notes as SDS Option 3 but coded as Option 1 in another section. If the wrong SDS option is recorded this could affect the accuracy of the Scottish Government returns
- the level of the person's need/risk was not clearly recorded in 16 (64%) of cases
- in all cases tested there was a master assessment on file, but in some instances there was more than one version of this document on file

- there was insufficient evidence that the completed assessment form had been issued to parents in 19 (76%) cases, and there is no evidence of checking performed to ensure that the parents had received these documents
- there is no evidence of checks being performed to ensure that children's plans are held within the master assessment document.

Risks

- **Service Delivery** – the quality of service provided to children might not meet the required standards if policies and procedures are not up to date and comprehensive
- **Financial and Budget Management** – SDS plans may not be properly reviewed and approved, leading to unnecessary spending
- **Regulatory and Legislative Compliance** – there may not be compliance with SDS Framework Standards.

Recommendations and Management Action Plan: SDS quality assurance

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	<p>A quality assurance programme should be created to review the quality of data recorded by colleagues on Swift. The programme should include a clear methodology which sets out:</p> <ul style="list-style-type: none"> • sample size of cases to be reviewed • how frequently quality reviews will be performed, and by which officers • what elements of the SDS process will be checked • lessons learned and remedial work to be performed • which officers and groups will receive the reporting. 	<p>A template will be created for Team Leaders to review with Social Workers which will clearly set out the suggested methodology within the IA recommendation.</p>	<p>Amanda Hatton Executive Director of Children, Education and Justice Services</p>	<p>Jen Grundy Children's Practice Team Manager Rose Howley Interim Chief Social Work Officer</p>	<p>31/10/2023</p>

Finding 3 – Approval of individual SDS budget support plans

Finding
Rating

Medium
priority

The procedures outline the officers and panels (such as SDS panel) required to approve individual SDS budget support plans, with approval requirements varying depending on the financial value of each proposed SDS budget support plan. Sample testing of 25 cases identified:

- 1 case where there was no evidence of Team Manager sign-off
- 3 cases where there was no evidence of Senior Manager approval
- 1 case where there was no evidence of panel approval
- 2 cases where there were multiple one-off payments within a short period of time which would take the amount of SDS budget for the supported person over the £500 threshold. This should, therefore, have required Team Leader approval which was not evidenced.

Risks

- **Service Delivery** – the quality of service provided to children might not meet the required standards if policies and procedures are not up to date and comprehensive
- **Financial and Budget Management** – SDS plans may not be properly reviewed and approved, leading to unnecessary spending.

Recommendations and Management Action Plan: Approval of individual plans

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	<p>Managers should ensure that there is an effective process of assessment, allocation, monitoring, and review, supported by management sign-off of all relevant SDS budget support plans and that this approval is clearly evidenced within Swift case notes.</p> <p>Managers should ensure there is a monthly report of all activity and a review report produced quarterly. The completeness of this review and approval process should be tested as part of the quality assurance work recommended at Finding 2.</p>	<ol style="list-style-type: none"> 1. Authorisation level procedure will be reviewed with Children's Practice Team Managers and will be updated to reflect the findings of the audit. 2. This process will form part of the quality assurance process noted within finding 2 above. 	Amanda Hatton Executive Director of Children, Education and Justice Services	Jen Grundy Children's Practice Team Manager	31/10/2023

Finding 4 – Budget review and oversight

Finding
Rating

Medium
priority

A budgetary report is produced each quarter for SDS, with Finance accountants meeting with the Children's Services Managers to discuss budget spend.

Although there was evidence of SDS papers being produced by management to discuss the reasons for SDS budget overspends, there are no action plans in place to manage overspends and to detail agreed actions to be taken, by which officer, and by which date.

In addition, there was no evidence to demonstrate that SDS budget expenditure and overspends have been discussed at team level to raise awareness of how overspends impact on the section's ability to provide support services.

Management have advised that overspends often cannot be fully controlled as the service is demand-led.

In addition, it was noted that action log/trackers are not used to record and manage actions arising from SDS meetings.

Risks





- **Financial and Budget Management** – there is an increased risk of overspends if they are not effectively managed.

Recommendations and Management Action Plan: Budget review and oversight

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
4.1	A quarterly report should be created setting out the actions required/taken to tackle underspends and overspends. The plan should include statements for the reasons for the overspends/underspends, what will be done to address them, and the names of responsible officers.	<ol style="list-style-type: none"> 1. A report will be created and maintained by Children's Services which includes the actions which have been taken to tackle SDS underspends/overspends. The plan will include the reason for the over/under spends, actions taken by whom and when. 2. Any risks identified will be escalated to the Children's Services and/or the Children, Education and Criminal Justice risk registers. 	Amanda Hatton Executive Director of Children, Education and Justice Services	Andrew McWhirter Senior Manager Children's Practice Teams and Disability / Jen Grundy Children's Practice Team Manager	31/09/2023
4.2	Action logs/trackers should be used to record and manage actions arising from SDS team meetings. These should include the action to	Previously before covid, there was quarterly meetings with finance where this was looked at. These finance meetings were with all CPTM's and finance colleagues where spend was discussed. This can be reinstated with the SM leading on this. This will be managed via a tracker which will	Amanda Hatton Executive Director of Children,	Andrew McWhirter Senior Manager Children's Practice Teams and Disability	31/09/2023

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
	<p>be taken, the names of the responsible officers, and implementation dates.</p> <p>The log should be reviewed in advance of meetings and revised dates and a rationale should be provided where actions are overdue.</p>	<p>include the action to be taken, the names of the responsible officers, and implementation dates. Senior Manager to liaise with Finance colleagues in respect of the implementation of this action.</p> <p>The tracker will be reviewed in advance of meetings and revised dates and a rationale will provide where actions are overdue.</p>	Education and Justice Services	<p>Jen Grundy Children's Practice Team Manager</p> <p>Jacqui Bogan Children's Practice Team Manager</p>	

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	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.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Appendix 2 - Self-Directed Support Options

There are four self-directed support (SDS) options available to service users under [Social Care \(Self-Directed Support\) \(Scotland\) Act 2013](#):

- Option 1: a direct payment by the local authority to the supported person to enable them to arrange their own support
- Option 2: the supported person chooses their support, and the local authority arranges it
- Option 3: the local authority selects and arranges support on behalf of the supported person
- Option 4: a mix of options 1, 2 and 3.