



Adult Social Care Budget Management 2018-19

City of York Council

Internal Audit Report

Business Unit: Health, Housing and Adult Social Care Directorate
Responsible Officer: Assistant Director Adult Social Care
Service Manager: Various
Date Issued: 23/05/2019
Status: Final
Reference: 11600/003

	P1	P2	P3
Actions	0	1	1
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

The Adult Social Care budget faces continuous budget pressures due to the council's obligations to provide care to an aging population. Winter creates additional demand on the service because vulnerable residents need more support during poor weather with additional new cases for adult social care also being more likely during winter months. Delayed discharges from customers needing stays in hospital can also lead to additional budget pressures because the customers involved need more support from the re-ablement service or more complex care packages.

The net budget for Adult Social Care for 2018/19 was £50m. At the first quarter budget monitoring process there was a £2.2m overspend forecast against this budget with £1.3m of mitigating actions to leave a new predicted overspend of £0.9m.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- The budget was accurately calculated and based on reasonable assumptions.
- There was a plan in place to manage the service within the budget.
- Variations and changes to the budget were identified and reported promptly.

Budgetary pressures due to winter pressures and delayed discharges can have an impact across several budgets so a sample of relevant budgets was taken to confirm that the budgets are being set, managed and reported appropriately. The audit also covered the corporate budgetary arrangements to confirm how the service would deal with a harsh winter or a blockage in the customer discharge process.

Key Findings

The management of budgets in the Adult Social Care service was found to be well controlled with only one budget that was looked at during the audit where there were concerns about how it was being managed. Many of the services are demand led and budgets are therefore difficult to manage because the council is obliged to provide care services as per the Care Act 2014. Although zero based budget exercises were not formally done, activity based reports were being used to monitor budgets. Regular meetings were held with budget holders to discuss their budget and expected variances. However, much of this process is driven by staff in the finance team with budget holders placing significant reliance on staff in finance in managing budgets rather than proactively managing them themselves. The risk is that staff in finance are not involved in making operational decisions and will be looking at budgets where expenditure has already been committed.

Budgets within the Adult Social Care service were under pressure throughout the year with winter adding to these pressures. The council undertakes a review of potential placements available in the autumn that could be used if caseloads increase throughout winter months. Delayed

discharges could put additional pressures on some budgets in the service with contingency plans in place involving preventing customers going to hospital in the first place or identifying additional placements.

Variations and other issues surrounding the budgets were being reported to Directorate Management Teams and the Executive as expected.

Overall Conclusions

The arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

1. Management of the Supported Living Schemes - Learning Disabilities budget

Issue/Control Weakness

The Supported Living Schemes – Learning Disabilities budget has significant overspends.

Risk

The service continues to overspend its budget resulting in impacts on other council services.

Findings

The budget for Supported Living Schemes - Learning Disabilities was identified as having significant budget overspends. The budget is difficult to manage because the council has obligations to provide care support as per the Care Act 2014. It is hard to control the number of customers and therefore the costs of the scheme. At the first quarter monitor for 2018/19 an overspend of £727k was being forecast for this budget. The service intends to review its high value care packages to identify whether they could be delivered by alternative means but at this stage it is not possible to confirm whether this will reduce the overspend to more manageable levels.

The budget holder didn't appear to have a good understanding of the budget. This was due in part because they had only been in post for a year and there hadn't been a formal handover of the budget. Although they had been supported by staff in the finance team the budget holder required more support and training to manage this budget effectively.

Agreed Action 1.1

The budget for learning disability supported living schemes has been transferred to another area. Work is underway to recover the budget position. Further support and training on budget management will be identified and provided for Learning Disability budget holder.

Priority

2

Responsible Officer

Head of Service
Safeguarding Adults,
MCA & DoLs

Timescale

31st July 2019

2. Budget Holders Identifying Changes to their Service Activity Levels

Issue/Control Weakness

Budget holders need to identify changes to activity levels when discussing budgets with staff in finance.

Risk

The service overspends its budget resulting in impacts on other council services.

Findings

The process for identifying and reporting overspends was well managed, however, much of this process is driven by staff in the finance team with budget holders placing significant reliance on staff in finance in managing budgets rather than proactively managing them themselves. Activity reports and budget monitoring spreadsheets are discussed at monthly meetings between staff in the finance team and the budget holder but these reports will only report on activities where expenditure has already been committed. Budget holders need to consider changes to activity levels when reviewing and discussing these reports so that potential overspends are identified.

Agreed Action 2.1

Agreement will be reached between business intelligence, finance and adult social care on the activity information budget holders require to proactively manage budgets. The agenda of meetings between finance officers and budget holders will be formalised and will include reporting on actions taken and planned by budget holders to identify and mitigate against potential overspends.

Priority

3

Responsible Officer

Assistant Director of Adults and Social Care

Timescale

31st July 2019

Audit Opinions and Priorities for Actions

Audit Opinions	
<p>Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.</p> <p>Our overall audit opinion is based on 5 grades of opinion, as set out below.</p>	
Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions	
Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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