

Children's Direct Payments 2015/16
City of York Council
Internal Audit Memo

Service Area: Children, Education and Skills
Responsible Officer: Assistant Director, Children and Families
Service Manager: Head of Disability and Special Educational Needs
Ref: 11125/001
Date Issued: 30/10/2015

1.0 Introduction and scope

- 1.1 The Special Educational Needs (personal budgets) regulations 2014 came into force on 1 September 2014. The regulations allow a child's parent or a young person to make a request to a local authority for a personal budget, including a request for direct payments.
- 1.2 City of York Council is introducing direct payments through a phased approach. They are currently available for transport and where the child/young person's complex needs cannot be met by what is currently available through the Local Offer. The aim is to increase the number of personal budgets agreed over time.
- 1.3 Direct payments allow the parent or young person greater control over their provision by paying an amount directly to them or to a third party to manage on their behalf. Therefore, the council must ensure that it has arrangements in place to ensure that direct payments are appropriate and that their use is monitored after payment to ensure they are being spent on the provision agreed.
- 1.4 The purpose of this audit was to provide support and advice to the SEN team as they develop procedures and controls within the system that will ensure that:
- The council has policies and procedures in place for children's direct payments and information is available to customers;
 - Decisions to make direct payments are in line with regulations;
 - Payments are made to the appropriate person and for the correct amount;
 - The council satisfies itself the conditions for direct payments are met;
 - Direct payments are reviewed and monitoring arrangements are in place.
- 1.5 The audit included a review of the current procedures in place, focusing on direct payments made to the parent/young person or a third party, rather than notional budgets paid to the school or college. It also considered the impact that direct payments from other council services will have on the system.
- 1.6 Advice and support will continue to be provided as required to ensure that a process is developed that meets the requirements of the service now as well as having the flexibility to respond to possible changes in demand in the future.

2.0 Findings

- 2.1 The council has produced a direct payments guide which confirms what the council will offer direct payments for and links to the relevant legislation. This guide is available to parents online and is accompanied by further guidance on the local offer.
- 2.2 At the time of the audit there were two direct payments in place with a further one being set up therefore no specific testing was undertaken. The walkthrough of the system did not identify any concerns in respect of the systems in place to decide whether to agree a direct payment and making the payments themselves.
- 2.3 There is not currently a direct payment agreement in place which requires parents to sign up to the terms and conditions of the payment. The team are aware of the need for such an agreement and are in the process of developing one. Internal audit are available to provide support and advice on developing this agreement. Work is also ongoing to establish effective monitoring systems which are sustainable if demand for direct payments increases.

2.4 Parents are currently required to provide receipts and invoices to account for all of the direct payment on a termly basis. However, they are not currently required to set up a separate bank account for receipt of direct payments and paying for services obtained with the direct payment. The use of a separate bank account is a requirement of direct payment regulations.

3.0 Conclusions and Recommendations

3.1 Due to the small number of direct payments in place and the systems not being fully established, detailed testing has not been conducted and we have not therefore given an overall opinion on the system.

3.2 Walkthrough testing and discussions with officers did not identify any issues with direct payments being made inappropriately or incorrectly. However, the recommendations noted below require attention by management to ensure that they are fully compliant with direct payments regulations and so the conditions for making and using the direct payment are formally agreed between the council and the recipients.

3.3 It is recommended that a direct payments agreement be put in place as soon as possible and that those people currently receiving payments be asked to sign it as well as any future recipients of direct payments.

3.4 It is recommended that all present and future recipients be required to set up a separate bank account for the payments. This will ensure that the process is compliant with the Direct Payments guidance and will assist monitoring as bank statements can be requested termly, rather than all receipts and invoices.

3.5 Uptake of direct payments is currently low however it is recommended that consideration be given to the capacity of the system to deal with an increase in demand. This may include exploring prepaid cards as an option should demand reach a certain point.

Agreed Action 1

A direct payments agreement will be put in place and people currently receiving direct payments will be asked to sign it as well as any future recipients.

Priority	2
Responsible Officer	Head of Disability and Special Educational Needs
Timescale	30/11/2015

Agreed Action 2

All recipients of direct payments will be required to set up a separate bank account for receipt of the payments.

Priority	2
Responsible Officer	Head of Disability and Special Educational Needs
Timescale	31/01/2016