

Direct Payments Update Report

Summary

- 1 This report provides an update on action taken by officers to address weaknesses identified in monitoring direct payments during a 2011/12 audit.

Background

- 2 As part of the 2011/12 internal audit review of personalisation and direct payments, significant weaknesses in monitoring direct payments usage were identified. As a result, the service agreed action to introduce new monitoring procedures from April 2012.
- 3 At the meeting of this committee in June, it was requested that an update on progress against the agreed actions be brought in September. This report is based on a review of progress by internal audit in August 2012.

Findings

- 4 City of York Council currently has 217 customers who receive direct payments. For 67 of these, the council pays the money directly into the customers' bank accounts. In the remaining 150 cases, the council pays the money to the Independent Living Scheme (ILS) who administer accounts for customers, and provide support for customers employing personal assistants.
- 5 Following changes in responsibilities within the department, approximately two years ago, systems for monitoring direct payments fell into disuse. At the time of the 2011/12 audit it was found that there were no formalised procedures for:

- informing customers that they were required to provide monitoring information to the council about how direct payments had been used
- requesting monitoring information on a periodic basis
- obtaining monitoring information from the ILS for customers they supported
- monitoring returns and chasing information, and
- taking appropriate action where payments were not used in line with expectations (including funds not being used and excessive bank balances accruing).

6 As a result, there were increased risks that customers would not receive the care they required, that any misuse of funds would not be detected, and that unused funds may not be recovered¹. To address these risks, a number of actions were agreed, including:

- New monitoring arrangements would be put in place from April 2012. Information from directly paid customers would be requested quarterly and the ILS would be asked to provide information on a six monthly basis for the customers they support.
- All existing customers would be given a copy of the terms and conditions attached to direct payments, during the course of annual reviews over the next year.
- A review of the new systems and processes would be undertaken by the service in October 2012, to identify areas requiring further development.

Monitoring - Directly paid customers

7 Requests for monitoring information for direct payments for the period up to 31 March 2012 were sent out to customers in April 2012. These went to 49 of the 67 directly paid customers. In 18 cases, requests were not sent because it was considered inappropriate (for example where there were current care management issues). While the audit did not look in detail at the reasons behind these decisions, the approach seems reasonable. In July 2012, further monitoring requests for the first quarter of 2012/13 were sent out to 44 customers.

¹ As a guideline, the department will consider a balance of greater than eight weeks worth of payments for recovery, though this is dependent on individual circumstances.

- 8 Following the April requests, monitoring information was returned in 28 of the 49 cases. In addition, an excess balance of £7,700 was repaid by one customer voluntarily. At the time of the follow up audit, 23 customers had returned information following the July requests.
- 9 The audit also looked at the procedures being introduced to assess information returned, and to chase outstanding returns. While a monitoring record has been introduced (using a spreadsheet) it was found that this does not currently enable easy analysis or follow up of the information. Feedback has been provided by the auditor, which will be fed into the service's review of procedures due to be completed by October.
- 10 The service is currently failing to chase information where it is not returned. This appears to be at least in part due to resource constraints. It is recognised that the planned improvements to the monitoring records may simplify the process and facilitate follow up. The service will, however, need to consider the extent of follow up work to be undertaken in light of the potential benefits (for example in terms of reclaimed direct payments).

Monitoring - Independent Living Scheme (ILS) Customers

- 11 The ILS provided the first tranche of six monthly monitoring data for 56 of the 150 customers it supports, in April 2012. No further action has been taken by the service to chase for outstanding information, and it is currently unclear where responsibilities for this should lie. This will be followed up further with the department.

Reissue of Terms and Conditions

- 12 The service has confirmed that the process of re-issuing terms and conditions has now commenced, and will be completed over the next year. Further follow up will be undertaken in this area in October 2012.

Conclusions

- 13 The service has now introduced systems for monitoring direct payment usage by customers and this represents a significant improvement in control. Further work now needs to be done to

introduce mechanisms to follow up information that has not been returned, and to improve procedures for analysis and review of direct payment usage information.

- 14 Internal audit have provided initial feedback and advice to the service on areas for improvement. In addition, the audit team will work with the department to support their own review of procedures in October 2012, and to undertake further follow up.

Consultation

- 15 Not relevant for the purpose of the report.

Options

- 16 Not relevant for the purpose of the report.

Analysis

- 17 Not relevant for the purpose of the report.

Council Plan

- 18 The work of internal audit helps to support overall aims and priorities by promoting probity, integrity and accountability and by helping to make the council a more effective organisation.

Implications

- 19 There are no implications to this report in relation to:

- **Finance**
- **Human Resources (HR)**
- **Equalities**
- **Legal**
- **Crime and Disorder**
- **Information Technology (IT)**
- **Property**

Risk Management Assessment

- 20 The Council will fail to properly comply with the CIPFA Code of Practice for Internal Audit in Local Government if it fails to

follow up on audit recommendations and report progress to the appropriate officers and members.

Recommendations

21 Members are asked to:

(a) note the progress made to date to implement actions agreed following the audit of personalisation and direct payments in 2011/12.

Reason

To enable members to fulfil their role in providing independent assurance on the council's control environment.

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Specialist Implications Officers

Not applicable

Wards Affected: Not applicable

All



For further information please contact the author of the report

Background Papers

2011/12 internal audit report on personalisation and direct payments

Annexes

None