

REPORT TO THE ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 19 JUNE 2019

INTERNAL AUDIT REPORTS

1. Recommendation

- 1.1 The Committee is requested to review, discuss and comment on the issues raised within this report.**

2. Discussion

- 2.1 It was agreed by Aberdeenshire Council's Scrutiny and Audit Committee on 22 September 2016 that outputs from audits relating to Adult Social Care Services in the Council would be reported, for information, to the IJB Audit Committee. This report contains the summary of such a report, as reported to the Council's Audit Committee previously.
- 2.2 The Chief Finance Officer and Legal Monitoring Officer within Business Services of the Council have been consulted in the preparation of this report and any comments made have been incorporated within the report and they are satisfied that the report complies with relevant legislation.

3. Internal Audit Reports

3.1 Joint Equipment Store (Internal Audit Report 1845 – May 2018)

- 3.1.1 The Joint Equipment Service (JES), provided from the Joint Equipment Centre (JEC) in Inverurie is a storage and distribution unit for equipment, adaptations and aids for those with a physical impairment. Individuals are assessed and where an equipment need is identified, Health and Social Care Practitioners can access the stores system (ACES) to request suitable equipment. 2017/18 budgeted expenditure was £2.75 million.
- 3.1.2 The objective of this audit was to ensure that adequate control is being exercised over use of equipment, purchasing and cost sharing arrangements.
- 3.1.3 Stocks, issues and returns of equipment are logged on a purpose-built database system. Although there are processes in place, stock movements are not always well documented, resulting in variations being logged at each stock count. The system is in the process of being upgraded and enhanced to automate various processes, including barcode scanning, which the Service anticipates will increase recording accuracy. The Service also plans to recruit a dedicated stores controller. In the interim additional manual checks and authorisations have been implemented.

- 3.1.4 The Service maintains, refurbishes and recycles equipment where possible, and purchases over £1.4 million of supplies and services per annum. Whilst procurement work plans and contracts are in place for the majority of expenditure, procurement arrangements for some of the Service's requirements have still to be finalised. The Service is working with Commercial and Procurement Services to obtain relevant approvals and implement contracts, which are not yet compliant with national procurement regulations and the Council's Financial Regulations.
- 3.1.5 In contravention of Financial Regulations, purchase orders are not being raised in advance for servicing and repairs of lift equipment. Client services and service users regularly contact the supplier directly, and the Service is recharged. Servicing and maintenance schedules have also historically been prepared by the supplier without input from the Service. The Service intends to place limits on the cost of direct service requests and re-route these via the JES where possible, and will implement monthly call-off orders based on anticipated use of the contract. The Head of Finance will be consulted to determine whether dispensation from the requirement to issue a purchase order in advance is required and appropriate.
- 3.1.6 As the Service is now part of the Health and Social Care Partnership, service level agreements and cost sharing mechanisms put in place when the Service was managed by separate Partners are in need of review. The Service also intends to take the opportunity to review system access levels and remind prescribers of their responsibility to update records to reflect changes in equipment use.
- 3.2 National Care Home Contract (Internal Audit Report 1930 – March 2019)**
- 3.2.1 The National Care Home Contract (NCHC) provides for agreement between providers of care facilities and Local Authorities for the provision of care facilities for those who have been assessed as requiring residential care. The agreement sets out the contractual obligations and responsibilities of each party and sets out minimum levels of monitoring which must be carried out on the provider by the Local Authority primarily to ensure quality of care towards clients who are resident in the provider's establishment.
- 3.2.2 The objective of this audit was to ensure that adequate monitoring of Suppliers is occurring in order to ensure continuity and quality of service provision and that contingency plans are in place to deal with any event which may see residents either temporarily or permanently displaced from the Care Home in which they are resident.
- 3.2.3 Whilst there is monitoring, and the results of this activity are being used effectively, it does not currently cover all of the elements set out in the NCHC, and due to resource pressures does not always adhere strictly to the Service's own procedures and schedule. The NCHC itself is due for review as it predates changes to Procurement Legislation and the Integration of Health and Social Care. Additionally, in recognition of existing difficulties a review of monitoring procedures is already being undertaken by

the Service with changes planned to be implemented by April 2019. Findings from this audit will be used to inform development of the new procedures. The Service has also agreed to further develop financial risk assessment of service providers.

- 3.2.4 There is currently limited assurance over external providers' contingency plans, and therefore the extent to which the Health and Social Care Partnership may be exposed to risk in the event of a closure. The Service will develop means of seeking assurance.

4. Implications and Risk

- 4.1 An equality impact assessment is not required because the reason for this report is for Committee to discuss and comment on the findings of Internal Audit work and there will be no differential impact, as a result of this report, on people with protected characteristics.
- 4.2 There are no staffing or financial implications arising directly from this report other than those implicit in the tightening of internal controls recommended in the Internal Audit reports.
- 4.3 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management.

CHIEF INTERNAL AUDITOR

Report prepared by David Hughes, Chief Internal Auditor.
31 May 2019.

