

## ACTION PLAN

Audit Issues		Departmental Response		
Issue	Recommendation	Progress to Date	Proposed work and timetable	Audit Committee Update 14 <sup>th</sup> July 2017
<p>R1</p> <p><b><u>In-house Service Provision</u></b>            At the time of the Audit review Internal Audit confirmed that Memoranda of Understanding (MOU) had been formulated for all services provided internally with the exception of 'Adult Placement &amp; Learning Disabilities' which is currently under review. It was identified that there was often a lack of compliance with MOU, as a result there is a risk that expenditure relating to services provided in-house is ineligible under the terms and conditions of the Supporting People Grant.</p>	<p>The MOU for 'Adult Placement &amp; Learning Disabilities' should be completed as soon as possible.</p> <p>Procedures should be formulated to ensure any non-compliance with MOU's identified are addressed appropriately and payments only made in respect of eligible expenditure.</p> <p>In accordance with the terms and conditions, in-house and externally provided services should be treated equally with a view to achieving best value and consistency across the system.</p>	<p>The Adult Placement or Shared Lives service is currently being evaluated. It is anticipated that the information gathering part of the evaluation process will be complete by the end of January 2017.</p> <p>In-house services that are subject to MOU's have been monitored during 2016/17. Where non-compliance has been an issue, service managers have been made aware of this and remedial action requested. In-house providers have been informed of their responsibility to provide evidence of eligible activity and the consequences of non-compliance.</p>	<p>The MOU will be in place as from April 2017.</p> <p>A procedure to ensure that any non-compliance with the MOU are addressed appropriately will be formulated in Spring 2017.</p>	<p>The MoU has been signed by the Head of Learning Disabilities and Mental Health.</p>

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R2	<p><b>Outcomes</b> It was previously reported that monthly monitoring returns and outcome details continue to be completed by providers based on information required by Welsh Government and that documentation was not available to support the outcomes claimed against the grant.</p> <p>It is acknowledged that this information is checked for reasonableness with any errors referred back to the provider who must confirm that the information is accurate and that contract monitoring meetings are now held with providers. However the total outcomes claimed are not verified to source documents to ensure</p>	<p>The total outcomes information supplied by providers should be verified on a regular basis to source documentation to ensure information being provided is accurate and consistent with the requirements of the Welsh Government. Adequate documentation should be available to support all outcomes claimed.</p> <p>Where issues are identified a formal process should be established to ensure they are addressed appropriately.</p>	<p>At the start of the 2016/17 financial year, the Carmarthenshire SP Team joined the outcomes collection model that is being used by the remainder of the Mid and West Wales region. This model is based on collection of data via Snap Surveys. This provides a much more accurate submission of data from service providers. It simplifies the process of validating source data supplied by providers.</p> <p>A conversation took place between Internal Audit and Supporting People on 29<sup>th</sup> November 2016 where the documentation required to support all outcomes claimed were discussed and agreed. This will be implemented for the outcome monitoring visits that will take place in</p>	<p>A formal process for monitoring outcomes including where issues are identified will be in place for the first outcome reporting period of 2017 which will be July.</p>	<p>The SPPG Grant Offer letter for 2017/18 included a change in the Audit Certification. The letter introduced an Audit Certificate for Outcomes which was due to be completed and returned to Welsh Government by 31<sup>st</sup> May 2017. This was communicated to Internal Audit who undertook the work to validate the information sent to the Welsh Government by the SP Team to verify the outcomes reported by the service providers.</p> <p>A formal process for monitoring outcomes was put in place for the Period 2 collection in January/February 2017. This was a significant</p>

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<p>their accuracy and that the information being provided to Welsh Government is accurate In addition, the minutes of the meetings reflect the issue that in some instances it was difficult to verify the outcomes.</p>		January/February 2017.		<p>improvement on the process that was in place prior to that.</p> <p>This process was tested by Internal Audit and although some deficiencies were found it was acknowledged that the process had improved. Further work is being undertaken by the SP Team to improve the process and ensure that the information provided to Welsh Government is as accurate as possible.</p>
<p>R3 <b><u>Management Charges</u></b> For the first time this year, the 'Schedule 4 – Audit Certificate' requires certification that 'management charges for services</p>	<p>Procedures should be established and evidence maintained to demonstrate that the management fee applied does not exceed 10% as required by the terms and conditions of the grant.</p>	<p>The recent locality based floating support tender exercise was based on the premise that management charges are 10% or less as indicated in the Welsh Government Guidance</p>	<p>It is anticipated that service providers who tender for future services will be expected to evidence the management charges submitted. The default position for the Supporting People Team will be that</p>	<p>The stated position has not changed since the last update. The tender work that will be undertaken will state that management charges will be 10% or</p>

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<p>are below 10%' Currently the management charge is included in contract prices and Internal Audit have been advised that it is not always possible to identify the exact percentage that has been applied by contractors as there is not always a breakdown of the costs. It is acknowledged that all services to be funded by Supporting People are to be retendered in the next 18months and the management fee will be requested to be costed separately in the tender specification documents and in the evidence expected from the third party during this process.</p>		dated July 2013.	management charges will be 10% or less with justifications requested for charges over 10%	<p>less unless there are justifications for higher charges.</p> <p>The Regional Collaborative Committee for Mid and West Wales has requested that work be undertaken with service providers in the region to agree what the management charges should include. Two meetings have taken place and it is expected that there will be an agreement by early September of what the region will accept as management charges.</p>

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R4	<p><b><u>Contracts</u></b> In order to address the issue of non-compliance with the Authority's Contract Procedure Rules, a status report and subsequent report update have been formulated. This has resulted in Interim Contracts being issued and further actions being identified meaning firm decisions are yet to be made.</p> <p>Whilst many of the Interim contracts were only signed the end of 15/16 or the beginning of 16/17, they are set to expire next year. It is therefore important that decisions are made and a clear timetable put in place in order to ensure compliance with the Authority's Contract Procedure Rules.</p>	<p>The Authority's Contract Procedure Rules should be fully complied with.</p> <p>In addition, in accordance with the terms and conditions of the grant services required must be bought in a competitive and sustainable way so as to demonstrate that best value in the use of public funds has been achieved.</p>	<p>The Supporting People will give consideration to the best way of doing this.</p> <p>The Supporting People Team has sought and been granted exceptions to the Contract Procedure Rules to extend some of the interim arrangements put in place in 2015. This extends some of the Interim Contracts to April 2018. This is to give the Supporting People Team opportunity to investigate joint commissioning opportunities with Pembrokeshire County Council's Supporting People Team to realise efficiencies and a more strategic approach to services.</p>	<p>Meetings are to commence in January 2017 with Pembrokeshire County Council's Supporting people Team to schedule pre-tender work. This will enable service specifications to be written and consulted upon so that new, appropriately procured services are in place by April 2018.</p>	<p>Meetings have taken place with SP colleagues in Pembrokeshire and Ceredigion to look at the possibilities for the joint commissioning of services.</p> <p>A meeting has been held with colleagues in Procurement to discuss the timetable required to procure new services by April 2018. A prioritised list has been drawn up with some services needing to be procured locally.</p> <p>Work is ongoing to evidence the need for some services and whether they should be tendered locally or wider across the region.</p>

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<p>A review of a sample of service provision identified that where contracts existed dates on contracts and specifications were not always consistent. In addition, there was one instance where there was no specific specification / contract relating to the provision of the supporting people element.</p>				<p>Discussions have taken place to develop a three-year project plan for Children's Services. This may require approval for further contract extensions.</p>
<p>R5 <b>Eligibility</b> Eligibility of a sample of participants is now undertaken during the contract monitoring visits to the contractors. However there is no formal process for the monitoring of service user eligibility to ensure consistency</p>	<p>A formal process should be established for the monitoring of eligibility of service users.</p> <p>Service providers should be reminded of the requirement to maintain adequate records to demonstrate eligibility.</p> <p>All checks should be</p>	<p>As stated in the Audit Issues, eligibility of a sample of participants is currently being undertaken though it is acknowledged that this process needs to be formalised.</p>	<p>A formal process will be put in place in January/February 2017 that will detail the eligibility criteria and the evidence that will be requested to prove eligibility. This will also detail how checks will be recorded formally and evidenced in order to demonstrate that the grant is</p>	<p>The process was introduced in January/February 2017. It will form the basis of the outcomes and eligibility checks that will be undertaken by the SP Team in July and August and then ongoing.</p>

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<p>and a record is not maintained to support what checks have been undertaken or what records have been reviewed. A review of the minutes produced from the contract monitoring visits highlights that it was not always possible to verify the eligibility of service users.</p> <p>In addition, Internal Audit have been advised that the eligibility of all service users relating to supported living is checked on an individual basis although there is no evidence to support this.</p>	<p>formally recorded as evidence of the checks being undertaken in order to demonstrate that the grant is only being used for the purpose intended.</p>		<p>only being used for the purpose intended.</p>		
R6	<p><b>Monitoring</b> Previously Internal Audit reported that there was no evidence available that overall</p>	<p>Overall monitoring of the project including project progress, total project outputs, finances, etc</p>	<p>During 2016/17 a system has been developed that looks at the overall project progress in terms of the finances. This was</p>	<p>This is acknowledged as an area that needs to be consolidated and improved. Formal quarterly grant</p>	<p>The new system is to be continued in 2017/18 as it was able to give a more</p>

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<p>monitoring of the progress of the grant including total project outputs against targets, project finances, etc as required by the Project Grants Manual, nor monitoring by a senior manager had been undertaken on a regular basis</p> <p>Internal Audit have been advised that whilst this issue remains outstanding, feedback reports are produced by the Procurement &amp; Contracting Officer for the Safeguarding &amp; Commissioning Manager.</p>	<p>should be undertaken at least on a quarterly basis and evidenced as required by the Project Grants Manual.</p>	<p>introduced in October 2016 and gives a monthly indication of the progress of the Grant payments. This has enabled the feedback reports to be more informed.</p>	<p>monitoring meetings will be arranged during 2017 to record project progress and outputs as per the Project Grants Manual.</p>	<p>accurate position of grant expenditure and highlights any slippage earlier in the year so that this money can be re-allocated to fund new eligible services.</p> <p>This process is reviewed regularly by the SP Team Leader and the Senior Manager for Commissioning.</p>	
R7	<p><b><u>Expenditure</u></b> Testing of a sample of expenditure transactions was</p>	<p>The requirements of the terms and conditions of the grant and the</p>	<p>The payments function was transferred to the Business Support division of the</p>	<p>Evidence to support all elements of accruals actioned in April 2017 will be made</p>	<p>Notes have been made to evidence the accruals that were</p>

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<p>undertaken (10 subsidy claims &amp; 10 invoices) and it was identified that the Authority's Financial Procedure Rules and the Terms &amp; Conditions of the grant had not been fully complied with.</p> <p>In addition, testing of a sample of accruals identified that there was not always sufficient evidence available to support all elements of the accrual.</p>	<p>Authority's Financial Procedure Rules should be fully complied with.</p> <p>All invoices/provider claims should be date stamped and authorised prior to payment.</p> <p>Evidence should be available to support all elements of accruals actioned.</p>	<p>Department for Communities during 2016/17. It is hoped that this will have resolved this issue.</p>	<p>available.</p>	<p>actioned in April 2017 and these will be available for scrutiny by Internal Audit for the Audit Certification process for 2016/17.</p>	
R8	<p><b><u>Subsidy Payments</u></b> Guidance received from WG in 2002 specified that existing tenants should be protected against transitional costs. As a consequence of a previous Internal Audit recommendation a</p>	<p>The review of the process regarding the tenant subsidy payments needs to be completed to ensure such payments continue to be eligible.</p>	<p>The Supporting People Team has prepared a paper detailing a number of options and presented it to the Supporting People Planning Group. A discussion has also taken place in the Departmental Management team</p>	<p>The Supporting People Team will action the decision made during 2017/18.</p>	<p>This has yet to be actioned. A paper for Departmental Management Team has been submitted.</p>

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<p>review was undertaken to establish whether the grant should be used for this purpose and a report was taken to the Supporting People Planning Group where it was recommended to refer any decision to DMT. However, the exercise did not review individuals to ensure their eligibility. As a result, the issue of whether all individual payments are eligible currently remains outstanding.</p>		<p>regarding this.</p>		