

**Manchester City Council
Report for Information**

Report to: Audit Committee 11 February 2019

Subject: Internal Audit: Manchester Support for Independent Living (MSIL) Risk Assessment and Audit Plan

Report of: Head of Internal Audit and Risk Management

Summary

Internal Audit were asked to provide a report to Audit Committee summarising the rationale for deferring an audit of MSIL until 2019/20 and replacing this with an audit of Deprivation of Liberties Safeguarding, to explain the basis of the risk assessment and alternative means of assurance.

Recommendations

Members are requested to note the rationale behind the decision to move the audit of MSIL into audit planning for 2019/20.

Wards Affected: All

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Background documents (available for public inspection):

Documents used in the development of the assurance report include:

- Internal Audit Annual Assurance Report 2017/18
- Internal Audit Plan 2018/19
- Internal Audit Progress Report November 2018
- Manchester Health and Wellbeing Board: Health and Housing Report 31 October 2018

Internal Audit: Manchester Service for Independent Living (MSIL)

1 Introduction

- 1.1 This report provides the basis of a decision to remove a planned audit of Manchester Service for Independent Living (MSIL) from the 2018/19 Annual Audit Plan and replace it with an audit of Deprivation of Liberties Safeguarding (DoLS).

2 Background

- 2.1 The Council receives specific funding through the Disabled Facilities Grant (DFG) from Central Government that is used to help fund essential housing adaptations aimed at helping to ensure that disabled people are supported in staying in their own homes. Adaptations on the basis of assessed needs can include stair lifts or extension works for accessible bathrooms. The grant awards and works are overseen and managed by the Council's Manchester Service for Independent Living (MSIL) service (formerly known as Manchester Equipment and Adaptations Partnership (MEAP)).
- 2.2 The process for delivery of adaptations was changed in 2016 with a decision that these would be delivered directly by three assigned registered housing providers (RPs). The new process is now operational. The change was based on the assessment that the service could be more cost effectively delivered by RPs and that the process would be more efficient in terms of time.
- 2.3 Following redesign by social landlords and the Council, the MSIL team works closely with three RPs who are the designated delivery partners and manage the service on behalf of all social landlords in the City. The arrangement includes a 40% contribution from the RPs toward works in their properties which means that the available DFG funding should go further as a result. MSIL team continue to provide needs assessments for all citizens and a full installation service for owner occupiers and private landlords.
- 2.4 Council tenants are not eligible for DFG funding for adaptations so there is a separate fund provision from the HRA to fund works to homes owned by the Council. Northwards Housing is the delivery partner for these homes and the process mirrors that arranged with the RP delivery partners.
- 2.5 A number of internal audits have been carried out on the systems and processes operated by MEAP in previous years and in support of the redesigned system. It was agreed as part of the audit planning process that there would be a further audit of the new arrangements to provide independent assurance during 2018/19. However, as part of regular liaison with the Director of Adult Services she identified that there was a higher risk identified linked to statutory responsibilities in the Deprivation of Liberties (DoLS) process on which she would welcome an independent assurance opinion. As a result, it was requested that the assigned resources be used for that work. Internal Audit agreed with the risk assessment and proposed that the MSIL audit be moved to 2019/20 as a result.

3 Risk Assessment and Assurance

- 3.1 The rising costs and pressures on the DFG had led to the clear need to enhance and

ensure value for money in the provision of adaptations. Historically the delays between assessment; appointment of contractors; and delivery had led to a number of concerns being raised about the effectiveness of controls in place and low levels of assurance being given to the service remained an issue. The service remains a critical priority as it offers support for vulnerable citizens in enabling them to stay in their own homes and the changes put in place were welcomed as an opportunity to provide a more efficient service.

- 3.2 The risks and issues in systems and processes had been well documented and subject to a number of audits as well as formal management and Member scrutiny in the last five years. Recent internal audit work reported an improvement in the level of assurance and in the systems of control but recognised that there was further work to do in strengthening controls and embedding the new ways of working with partners. Action was underway in addressing this and as part of follow up of previous audit recommendations, Internal Audit had received evidence that confirmed a positive direction of travel.

Audit Assurance: DFG: Change of Provider (March 2017)

- 3.3 An audit of 'DFG: Change of Provider' provided moderate assurance over the new arrangements and Internal Audit supported the proactive work undertaken to develop the new processes. The assurance level was based on the changes in governance arrangements and processes which had been developed by the Housing Investment Team (HIT) who provide oversight of arrangements. HIT had no previous role but had developed an appropriate system for authorising and monitoring delivery of works. There were service level agreements in place with the three RPs; performance meetings were held with HIT, MSIL and RP representatives; there was a clear process for delivering adaptation needs; and there were clear records of works including authorisations. These were significant improvements for the service however concerns remained about timeliness with assessments taking an average of seven months; how variations were controlled including additional costs; and a need to improve invoice and payment processes between the Council and RPs. The service level agreements also needed amendment to reflect the 40% cost requirement from the RPs. The HIT needed to complete planned work on standardisation of documentation used by RPs and ensuring that all relevant information was provided. It was accepted that there was work to do to strengthen the management oversight and control arrangements, including development of key performance indicators. As a result, it was proposed that a follow up audit would be carried out to assess progress.

Audit Assurance: Contractor Selection and Award – MSIL (May 2017)

- 3.4 A substantial assurance was provided in an audit of 'Contractor Selection and Award – MSIL which demonstrated improvement to the controls over how building adaptation works were awarded. There was a high level of assurance for this based on the changes which had been made and a recognition of more development work to be done. In the opinion of Internal Audit, the historic concerns were being addressed with the changes put in place. In particular, we placed reliance on action to implement new contractor frameworks, specifically TC840 (Supply and Installation of Lifts and Hoists) and TC843 (Supply and Installation of Equipment and Adaptations) which were tendered and went live in 2016.

Audit Assurance: Annual DFG Grant Audits

- 3.5 Annual audits of the DFG grant expenditure (last certified September 2018) were carried out by Internal Audit and a sample tested as part of the process. This work did not identify concerns in relation to eligibility and records. As a result, spend was certified as in line with grant conditions for the last three financial years.

Other Assurances

- 3.6 As with all audit and assurance work, Internal Audit consider other sources of assurance; whether from management, from other Core services within the Council, external party inspectors and regulators; and from oversight exercised by senior management and Members, including scrutiny committees.
- 3.7 On this basis, assurance has also been obtained from the regular meetings held by the Independent Living Service Performance Board which was set up in part to oversee the transformation of the service and reviews delivery and service development to inform assurance. Attendees include Council officers from MSIL and HIT as well as RP representatives and provides a forum for challenge and resolution of issues arising. These meetings are informed by reports provided by HIT including performance reporting; customer satisfaction survey results; and quality and value for money assessments. This enables senior officers working with partners in RPs to assess delivery; manage budgets and assess quality. Internal Audit support this as an example of good governance.
- 3.8 Further assurance has been taken from the inclusion of MSIL on the Council's Register of Significant Partnerships. MSIL arrangements include a partnership between the Council and Manchester CCG for the provision of a community equipment service to children, young people, adults and older people. As a formal partnership MSIL is subject to further oversight through the Significant Partnership governance process overseen by the Council's Performance, Research and Intelligence Service. It was reported to Audit Committee in November 2018 that progress has been made and overall governance remained robust. Work was ongoing in further developing clear responsibilities and priorities across the partnership and an update will be reported to Audit Committee as part of ongoing oversight and reporting.

4 Rationale for Decision Making

- 4.1 The internal audit of MSIL was planned for 2018/19 to assess progress and provide an updated assurance opinion on prior year work. The aim was to provide an updated view of progress in embedding new arrangements and this was supported by the then Director when originally agreeing to the draft audit plans in March 2018, though the detailed scope had not been developed at that time. Subsequently in review of the work programme with the new Director for Adult Services and consideration of timing it was highlighted that there was a higher level of concern over the effectiveness and control over Deprivation of Liberties Safeguarding (DoLS) processes and it was requested that this system be audited in advance of MSIL.
- 4.2 The risk assessment carried out by Internal Audit to consider the request included an assessment of current audit business assurances as above, complexity of the systems and the potential exposure to risk. The outcome informed a decision about where audit resources were best allocated in quarter four. MSIL was considered to be under clear

and effective management control with active involvement of HIT, MSIL and RPs in monitoring delivery and ensuring standards were met. Assurance was obtained that reporting lines to the Independent Living Services Performance Board, Adults Services Directorate Management Team and Manchester Health and Wellbeing Board were operating as intended. There was recognition by Internal Audit that there were still know areas for improvement in the adaptations process including confirming revision and agreement of service level agreements; strengthening arrangements for management of variations; and assessment of key performance indicators that led to the decision to defer rather than cancel the audit.

- 4.3 The assessment of risk for DoLS carried out by the business was deemed to present a potentially higher exposure to risk for citizens and to the Council and it was agreed with management that an opinion on current operational activity would support an assessment of Council compliance with statutory duties. Internal Audit could add value to immediate solutions under development in this service area and it was decided to agree to the reassignment of available audit resource with relevant skills in this area to deliver that audit first.
- 4.4 Based on the risks there is no proposed change in the decision that the MSIL system should be subject to formal independent review. As a result, it was determined to reschedule the audit to the early part of the 2019/20 audit programme of work.

4. Recommendation

- 4.1 Members are requested to note the rationale behind the decision to move the audit of MSIL into audit planning for 2019/20.