

Audit Summary Report

August 2006



Domiciliary Care Contracts

Walsall Metropolitan Borough Council

Audit 2005-2006

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

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Summary report

Introduction

- 1 The Public Interest Disclosure Act 1998 (PIDA) created a framework for whistle blowing across the private, public and voluntary sectors. The Act provides almost every individual in the workplace with protection from victimisation where they raise genuine concerns about issues of malpractice in accordance with the Act's provisions.
- 2 The Audit Commission and its appointed auditors are prescribed persons for disclosures relating to 'the proper conduct of public services, value for money, fraud and corruption in local government and health services.'
- 3 The Audit Commission received disclosures under PIDA relating to concerns about the domiciliary care contracts awarded by the Social Care and Supported Housing Directorate in 2005/06. We, as the appointed auditors, having received the information have taken the action which we deem to be appropriate.
- 4 The investigation has been completed. This report summarises our findings.
- 5 We have concluded that;
 - there is no need for the auditor to issue a report in the public interest under section 8 of the Audit Commission Act 1998;
 - there is no need for any formal audit action under section 17 of the same Act; and
 - there are a number of areas where officers had already recognised that there was a need to enhance the processes in use. These are summarised below.

Background

- 6 The council had a critical Social Services Inspectorate/Audit Commission joint review in 2002. One of the criticisms concerned the reliance on residential care and highlighted the need to explore other options for supported living and flexible domiciliary support.
- 7 Following on from this, the council successfully implemented a three year improvement plan and achieved two stars in the Annual Performance Review in 2005. There was a major restructuring of Older People Services which involved re-tendering for domiciliary care services.

Audit approach

- 8 We reviewed the letter and used it to compile a list of those disclosures which were of a factual nature and which we could therefore follow up. There were thirteen such issues.
- 9 We reviewed the documentation supplied by the disclosers and interviewed them for clarification over issues.
- 10 We also examined documentation supplied by the council and interviewed officers. See Appendix 1 for a list of the officers interviewed and documents reviewed.

Main conclusions

- 11 The contract, tendering and evaluation was carried out in 2004/05. This involved developing and implementing a new approach to a complex area of the council's activity and it is not surprising that officers experienced a number of initial problems. The council awarded the new contracts in April 2005 with commencement from 1 June 2005.
- 12 Senior officers were already aware of many of the points raised and had already taken action where required. In our view, many of the points raised by the disclosers arose because (as a result of the complexity of what was being developed) they were only aware of some of the issues relating to the domiciliary care contracts. Many of their concerns could have been resolved at an earlier stage if communication between senior and front line staff had been more effective at a time of complex change.

Detailed report

New Processes

- 13 We found that
- the council had appropriate and satisfactory tendering procedure rules;
 - a suitable tender evaluation process had been established;
 - contracts were awarded in accordance with the evaluation process; and
 - formal contract monitoring did not commence until September 2005 when the team was established.
- 14 The council decided to move to a more complex method of tendering and service delivery management designed to improve overall control of the domiciliary care service and budget. There is always an element of risk attached to any new process and this was always going to be potentially a problematical budget to manage as it is to some extent demand led and therefore the level of expenditure is unpredictable. Currently the Directorate is reporting an overspend in 2005/06.
- 15 Whilst we are satisfied that the tendering process was followed we did note that documentation in relation to the successful bidder for the primary contract for Zone 5 could have been more thorough.
- 16 The complexity of the new processes were such that in the initial months staff and the computer system found it difficult to cope with 14 different fee rates. This resulted at one point in the council paying £128,000 of invoices without the requisite ordering process being in place. This was recognised at an early stage and officers:
- developed an interim solution to ensure that suppliers were paid to avoid the risk of a loss of service delivery; and
 - produced a longer term plan involving the implementation of a new IT system which will more easily meet the needs of the way in which the contracts are structured.

Action taken in relation to CSCI registration

- 17 The contracting process was further complicated by the impact of CSCI registration. The council rightly required providers to meet new CSCI registration requirements and made this a condition to be satisfied when the contract commenced. The CSCI registration was (in part) dependent on the provider having a presence in Walsall so there was a risk that new entrants to the market would be excluded precisely because they were new entrants. A new entrant could not therefore obtain registration until it had been awarded a contract so the council had to proceed with the presumption that providers in such a position would be awarded CSCI registration soon after winning work. It would therefore appear to some that a contract had been awarded to organisations which were not properly registered at the date of tender whereas in actual fact the way the council proceeded was the only practical way in which it could expand the potential number of suppliers.
- 18 One contractor new to the area did not obtain CSCI registration. Correspondence shows that the council sought actively to resolve the issue and when the contractor failed to obtain CSCI registration the council acted promptly and issued a default notice.
- 19 In one case a contractor became subject to a CSCI investigation in another part of the country. Again the council acted promptly and took appropriate action.

Communication

- 20 Any significant change to service provision always carries an element of risk and uncertainty for staff managing and delivering that service. The complexity of the new contract and the changes in the method of contracting were not communicated effectively to all field staff. As a result there was insufficient understanding amongst some of those staff who felt that this caused unnecessary anxiety for clients.
- 21 There is no evidence that there was such an impact on clients but it is clear from our discussions and our review of documentation that some staff were not fully conversant with the new contracting arrangements when they came into force.

Appendix 1 – List of officers interviewed and documentation reviewed

Discussions were held with the following officers;

- Assistant Director, Adult Services - Social Care and Inclusion
- Assistant Head of Services (Older People) - Social Care and Inclusion
- General Manager, Strategic Support - Social Care and Inclusion
- Service Manager, Adults - Social Care and Inclusion
- Customer Care Manager - Social Care and Inclusion
- Manager - Social Care and Inclusion
- Senior Accountant - Social Care and Inclusion
- Business Support Manager - Social Care and Inclusion

The following documents were also reviewed;

- PIDA domiciliary care information requirements
- Domiciliary care providers service contract tender pack
- Successful and unsuccessful domiciliary care providers service contracts
- Tender evaluation files
- Homecare file
- CSCI certificates of registration
- Employment support services
- Senior management board minutes
- Locality managers meeting minutes
- Locality teams minutes