



**Comhairle nan Eilean Siar**  
**Internal Audit Review**  
**Adult Social Work – Commissioning and Partnership**  
**Services**  
**Final Report –2024/25 -10**

**28 May 2024**

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
ADULT SOCIAL WORK – COMMISSIONING AND PARTNERSHIP SERVICES**

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**CONTENTS**

	<b>Page</b>
<b>SECTION 1</b> <a href="#"><u>EXECUTIVE SUMMARY</u></a>	1-2
<b>SECTION 2</b> <a href="#"><u>RECOMMENDATIONS AND AUDIT OPINION</u></a>	3
<b>SECTION 3</b> <a href="#"><u>FINDINGS, RECOMMENDATIONS AND ACTION PLAN</u></a>	4-6
<b>APPENDIX A</b> <a href="#"><u>RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT</u></a>	7
<b>APPENDIX B</b> <a href="#"><u>DEFINITION OF AUDIT OPINIONS</u></a>	8
<b>APPENDIX C</b> <a href="#"><u>ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES</u></a>	9

<b>Date of Visit</b>	<b>May 2024</b>
<b>Draft Report Issued</b>	<b>24 May 2024</b>
<b>Management Response Received</b>	<b>27 May 2024</b>
<b>Final Report Issued</b>	<b>28 May 2024</b>

<b>Issued to:</b>	
<b>Chief Executive</b>	<b>Malcolm Burr</b>
<b>Chief Officer</b>	<b>Nick Fayers</b>
<b>Head of Partnership Services</b>	<b>Emma Macsween</b>
<b>Commissioning Services Manager</b>	<b>Graeme Miller</b>
<b>External Audit</b>	<b>Martin Devenny</b>

## **SECTION 1: EXECUTIVE SUMMARY**

### **Introduction**

1.1 The Report has been prepared following an internal audit review of Adult Social Work – Commissioning and Partnership Services as part of the operational annual internal audit plan for 2024/25. The purpose of the Report is to provide an overview of the Comhairle’s arrangements for the operation and management of Adult Social Work - Commissioning and Partnership services. The scope of the audit included a review of the following objectives:

- Commissioning policies and procedures are in place and are up to date;
- Measures are in place to review and monitor commissioned services to ensure they are sustainable going forward for service provision;
- Measures are in place to review performance and VFM associated with commissioned services;
- SLAs with the commissioned services to provide care and support are updated to reflect the current year;
- Funding paid to external providers is reasonable and in line with other local authorities;
- The service provided is purposeful and constructive and harmonised with the clientele requirements;
- Administration of the payments to establishments is controlled as per the Financial Regulations; and
- Demonstrate how the IJB/Comhairle are in compliance with ‘Following the Public Pound’.

### **Background Information**

1.2 Commissioning in social care is the process where local authorities identify, purchase, and monitor social care services for people in the local area and out-of-area where the needs cannot be met.

Commissioning care and support services is a complex and costly service and sometimes the Comhairle is faced with no other choice but to accept the care and costs as part of the statutory duty of the Comhairle.

The Comhairle provide external organisations with grants and spot purchase payments to provide care and support to the most vulnerable in the community under the direction of the Integrated Joint Board (IJB). The cost of the local service provision equated to £2,566,014 for 2023/24 and the cost of out-of-area totalled £1,831,734.

A report from Scottish Government and COSLA - Coming Home Implementation Report in February 2022 sets out the ambitions to reduce out of area residential placements and inappropriate hospital stays for people with learning disabilities and complex care needs.

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
ADULT SOCIAL WORK – COMMISSIONING AND PARTNERSHIP SERVICES**

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By March 2024 the Scottish Government want and need to see real changes with out-of-area residential placements and inappropriate stays greatly reduced to the point that out of area residential placements are only made through individual or family choices and people are only in hospital for as long as they require assessment and treatment and no longer than that time.

All 32 local authority Chief Officers are actively engaged in the processes and have been provided with guidance and registers to gather information to enable all the information to be collated and work out meaningful solutions for all the individual cases.

The Comhairle have 17 service users based out-of-area at present and each case will be individually assessed for the best outcomes. Some of these clients have been based out of area for a number of years and will be familiar and content with their environment and it may not be appropriate to bring them back.

This process will require a high amount of expertise and intervention of health professionals to ensure that the Comhairle supporting the individual in the best possible way and identify the risks of removal from the out of area placement.

We can report that there have been two successful cases where repatriation has taken place in the last year.

### **Concluding Remarks**

- 1.2 Our detailed findings are included in the body of the Report. We would point out that the most significant issues arising from our review which require management attention are:
- Service Level Agreements to be put in place with the out-of-area service providers (Medium1). This was put in place during the review.

**SECTION 2: RECOMMENDATIONS AND AUDIT OPINION**

2.1 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur.

The following table contains the definitions applied by Internal Audit in rating audit findings/actions and the number of recommendations in each rating.

Definition of recommendation	Grade	No.
Major weaknesses that could have a significant impact on the Comhairle if not addressed and contained urgently.	High	
Important issues relating to controls being absent, not operating as expected or could be improved.	Medium	1
The weakness is unlikely to have a material impact on the Comhairle. These are not critical but management should address.	Low	2

Where we have identified isolated exceptions in our sample testing, and we consider that they are unlikely to recur; and would have no significant impact if they should occur;

We have classified them as minor or trivial, discussed them with relevant officers and detailed them in Appendix C to the Report.

2.2 Based on the audit work carried out our overall opinion is that a **Substantial** level of assurance can be placed upon the control environment of the service/area under review.

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

**It should be noted that our findings and conclusions are based on the information made available to us at the time of our review.**

Internal Audit  
Comhairle Nan Eilean Siar  
Sandwick Road  
Stornoway  
Isle of Lewis  
HS1 2BW

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**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
ADULT SOCIAL WORK – COMMISSIONING AND PARTNERSHIP SERVICES**

**SECTION 3 – FINDINGS, RECOMMENDATIONS AND ACTION PLAN**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
Med 1	<p>A Service Level Agreement (SLA) is a contract between a service provider and a service user that outlines the service to be provided, the level of performance to be expected, how performance will be measured and approved and what happens if performance levels are not met.</p> <p>The Comhairle have service providers in out-of-area care which provides a service for seventeen complex cases where care cannot be provided locally. At the time of the review there were no SLAs in place with any of these providers.</p>	<p>An SLA/Contract must be in place for all out-of-area service users in order that the Comhairle can demonstrate accountability and transparency in their care.</p>		Commissioning Services Manager	This is now in place. 13/5/2024
Low 1	<p>We can confirm that 17/19 local organisations have a signed agreement for 2024/25. We are advised that there are issues with two SLAs still to be submitted. However, this is being addressed and should be resolved as soon as is practicable We can also confirm that no payments have been made to the providers that do not have the documentation in place. This is clearly set out in the SLA agreement.</p>	<p>All funded external organisations must have a signed Service Level Agreement in place prior to any payments being made for the provision of services.</p>		Commissioning Services Manager	July 2024

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
ADULT SOCIAL WORK – COMMISSIONING AND PARTNERSHIP SERVICES**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
Low 2	<p>There are certain requirements attached to the Service Level Agreements prior to any funding being made.</p> <p>There is a requirement for the organisations to provide the Comhairle with full audited accounts by the September following the year end. The annual accounts would give the Comhairle reassurance that the organisation is a going concern and is financially sound to provide the service.</p> <p>We do not expect any accounts for year end 2023/24 to be provided due to the timing of the review but in referencing back to the previous years' funding claim the last accounts we are able to view are dated March 2022.</p> <p>However, there is the assurance that the Commissioning Services Manager undertakes meetings with the organisations before the funding is allocated and again after six months so any areas of concern would be highlighted.</p>	<p>Funded organisations must provide full audited accounts within six months following the annual year end as part of the funding agreement.</p> <p>Additionally, activity reports must be provided within the timescales included in the agreement.</p>	Agreed	Commissioning Services Manager	July 2024

**COMHAIRLE NAN EILEAN SIAR  
INTERNAL AUDIT FINAL REPORT  
ADULT SOCIAL WORK – COMMISSIONING AND PARTNERSHIP SERVICES**

GRADE	FINDINGS & IMPLICATIONS	RECOMMENDATION	MANAGEMENT COMMENT	RESPONSIBLE OFFICER	TARGET DATE OF IMPLEMENTATION
Low 2 (Cont)	<p>Further requirements of the SLA include: A six-monthly activity report to be provided by the end of October and then a further six-monthly report after the year end. We found that the majority of the activity reports for up to end October 2023 have been completed and returned with some being returned for the last six months up to 31 March 2024.</p>				



## **RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT**

### **Responsibility in Relation to Internal Controls**

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

### **Responsibilities in Relation to Fraud and Corruption**

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

**DEFINITION OF AUDIT OPINIONS AND RATINGS**

The standard definitions for internal audit assurance over an engagement are as follows:

<b>Level of Assurance</b>	<b>Definition</b>
Full Assurance	Internal control, governance and risk management are of a high standard. A sound system of control to achieve the system objectives exists and the controls are being consistently applied.
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

**ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS**

<b>ITEM</b>	<b>ISOLATED EXCEPTION</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED Y/N</b>	<b>DATE OF DISCUSSION</b>