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Meeting	Audit Committee
Date	10 October 2005
Subject	SWIFT Computer system / Social Service Debt
Report of	Chief Internal Auditor
Summary	To provide the Committee with a review of how well SWIFT is meeting its objectives efficiently, effectively and economically.
	To provide the Committee with an opinion on the control environment for managing social service debt.

Officer Contributors	Chief Internal Auditor
Status (public or exempt)	Public
Wards affected	N/A
Enclosures	Appendix A : Draft report/ Follow-up : Audit Review of SWIFT dated August 2005 (Adult Services)
	Appendix B : Final report/ Follow-up : Audit Review of Income and Assessment Section dated September 2005 (Adult Services)
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	N/A

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1. **RECOMMENDATIONS**

1.1 **That the committee note the report.**

2. **RELEVANT PREVIOUS DECISIONS**

2.1 The Audit and Resources Overview and Scrutiny Committee on 22 February 2005 included a report on SWIFT in the work programme for 2005-6.

3. **CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

3.1 An effective SWIFT system will contribute to the effective achievement of the corporate priority to support the vulnerable in the community

4. **RISK MANAGEMENT ISSUES**

4.1 The report is concerned with the risks around the SWIFT system meeting its objectives.

4.2 Failure of the SWIFT system could result in the Adult Services and Children and Families service not meeting their service objectives.

5. **FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS**

5.1 Financial and ICT implications are detailed in the report.

6. **LEGAL ISSUES**

6.1 None

7. **CONSTITUTIONAL POWERS**

7.1 Constitution Part 3, Section 2 details the functions of the Audit Committee including "Ensuring that… the action taken by the Council to implement fully a risk management system are fair, balanced, conform to accountancy standards and meet prevailing best practice."

8 **BACKGROUND INFORMATION**

8.1 This report is in response to a request from the Audit and Resources Overview and Scrutiny Committee to give an update on the SWIFT project and an assessment of the overall impact of SWIFT on the risk profile of the Council. Also the Committee requested the review to include details of the control environment for managing Social Service debt.

8.2 A separate audit report will be issued to Officers. Internal Audit will agree management action to address the risks identified. Although the findings have been discussed with the relevant operational managers, this report has not been formally signed off by the Head of Adult Services or the Head of

Children and Families and may be subject to amendment when the normal audit reporting and finalisation protocols have been observed.

SWIFT

8.3   The main findings and risks of the review are as follows:

8.4   **Linking of information on service users**

8.4.1   SWIFT keeps a basic record of service users' needs, services and outcomes.

8.4.2   Detailed information concerning, for example, assessments and care plans can only be accessed on officers' personal computers i.e. detailed client information in the form of attachable records is not networked. At the time of the review we were informed by management that the above problem was a computer network issue which the IS service were addressing as part of the IT technology refresh programme. This would also be addressed during the project to implement a document management system in social care.

Risk: *Priority 2*

If all relevant data cannot be accessed from SWIFT by all officers this may result in an untimely response to clients' needs.

Management response (IS service):

Timeframes for the implementation of the Infrastructure Transformation and Document Management projects are set out below.

8.4.3   Data integrity checks are not always carried out by officers to ensure that data is accurately and completely input on SWIFT.

8.4.4   We have been informed by management (Adult Services) that systems were being implemented to ensure completeness and accuracy of data; for example, by producing error reports and compiling procedures for officers to correct errors identified. Also, management (Children and Families) stated systems are being implemented to ensure that officers use the local reporting tool to cleanse data in SWIFT.

Risk: *Priority 1*

Ineffective management decisions may be made as a result of inaccurate and incomplete client and performance data.

Management response (IS service):

(i) A number of reports have now been set in place to report on accuracy and errors with data.
(ii) Nominated leads are now in place who are responsible for data cleansing as are processes to ensure that data errors are addressed.

8.5 **Security and Access**

8.5.1 Since the last audit review on SWIFT dated March 2005, control procedures have improved concerning security and access to SWIFT. All officers who access SWIFT are now required to enter a user ID and password. The system also forces officers to change their password every six weeks.

8.5.2 However, the following security and access control issues were found :

a) Officers are required to enter passwords to access the network and Citrix before accessing SWIFT. It was found that officers were sharing passwords to access network and Citrix;

b) Computer systems do not force the users to change their password when accessing the network and Citrix;

c) A form is completed and authorised by the managers regarding officers who require access or change to their access rights to SWIFT. The form is sent to the SWIFT support team to action. However, there is no system in place to authenticate the authorisation of the form if the hardcopy is sent to the SWIFT support team;

d) Whilst e-mail provides a secure method for requesting set-up and change of access rights, this method is compromised by officers sharing network passwords, and

e) The SWIFT support team send reports to management to confirm accuracy of access rights. However, not all managers contact the SWIFT support team to confirm that their staff access rights are valid.

Risk :	*Priority 2*
Inadequate security and access controls may lead to unauthorised access to confidential data files.	

Management response (IS service):

(i) The sharing of passwords is against Council policy and this is being followed through by management. It is standard practice now in IS service to disable an account that is found to be shared and report the matter to service management.

(ii) The Infrastructure Transformation Project, which is an implementation over the remainder of the current financial year, will introduce controls that force the regular change of log on passwords for all users.

(iii) Passwords to access Swift are handed out to users in person and only after training in the use of Swift has been undertaken.

(iv) The Swift Manager now ensures managers are chased to confirm that their staff access rights are valid. Furthermore within Children & Families

service the Swift Manager also obtains list of leavers so their access is disabled.

8.6 E-Government agenda

8.6.1 The review revealed that the Council will not meet all of the central government timescales for implementing Electronic Social Care Records (ESCR) and Integrated Children's Service (ICS).

8.6.2 The central government target on ESCR requires the Council to keep client records electronically. The timescales for meeting the target are:

> a) All new documents created or received for new cases are made available electronically by October 2005, and

> b) All new and pre-existing documents for current cases are made available electronically by October 2006.

8.6.3 ICS is a system for recording client information i.e. using web technology to record client information on E-forms which interface with SWIFT. The timescales for meeting the targets are:

> a) To have an IT system in place to support ICS for all new referrals by 1st January 2006.

> b) The system should be fully operational by 1st January 2007.

8.6.4 The Information Systems service have appointed an ESCR Programme Manager to procure a corporate computer solution for the electronic document records management system (EDRM system) which will assist the Council in achieving the ESCR central government target.

8.6.5 The project plans, as at August 2005, stated that the EDRM System solution is planned to be purchased in February 2006. At the time of the review there were no project plans in place to meet the ICS targets

Risk: *Priority 2*

Absence of electronic client records as required by the e-government agenda could affect the Council providing an efficient, timely and effective service.

Management response (IS service):

(i) A plan for the implementation of the ICS solution is now in place with a target implementation of January 2006.
(ii) At this stage it is understood that a significant number of councils are unlikely to meet the Government target implementation dates for ESCR and, to a lesser extent, ICS.   There are no financial or other (Corporate

Performance Assessment score, etc) penalties for not meeting the target dates providing that robust plans exist to implement the solutions. The Council already has those plans in place.

8.7 **Statutory and Local Reporting requirements**

8.7.1 The review confirmed that SWIFT was able to provide local reports for management purposes. However, as reported above, due to data integrity issues, management information for statutory and local reporting requirements may be inaccurate and incomplete due to a historical lack of adequate data controls.

8.7.2 Internal Audit has placed reliance on work carried out by External Audit covering SWIFT's ability to meet the statutory reporting requirements. A management letter from External Audit, dated July 2005, stated that all eight of the Best Value Performance Indicators (BVPIs) in Adult Services will probably be reserved for 2004/05 (ie. the external auditor cannot be satisfied that the information is complete, valid, accurate or timely). Also, at the time of the review it should be noted that External Audit were in the process of finishing their review of BVPIs in the Children and Families service. External Audit are due to report in late September 2005 on BVPIs.

Risk:	*Priority 1*
Ineffective management decisions may result from inaccurate and incomplete performance data.	

Management response (IS service):

(i) There were historical issues over the integrity of the data that was transferred from CRISSP on to SWIFT, which had a detrimental effect on the provision of external statistics for Adult Services. This is now being addressed through the employment of a consultant for a three month period to review the data that makes up the BVPI's.
(ii) The informal feed back from the most recent external audit of BVPI data for Children & Families has confirmed that data extracted from SWIFT for their BVPIs was good.

8.8 **Business Processes**

8.8.1 The review confirmed that business processes have been changed as a result of the implementation of SWIFT. However, no review has been carried out to assess if efficiencies have been realised and if the new processes are effective.

Risk:	*Priority 2*
If business processes have not been reviewed to assess efficiencies and effectiveness of systems, management cannot assess the benefits realised.	

Management response (IS service):

(i) Both Adult Services and Children and Families service are undertaking wider full business process reviews.

(ii) In the case of Children and Families service they are still embedding the full use of SWIFT and the reviewing of the business processes is well underway. There is less duplication of paper work as staff now enter the data on SWIFT and use reports within the application to print off care plans, etc. There is a plan to review the efficiencies with the Children and Families service after completion of the next phase.

(iii) Adult Services have had a member of staff from the Corporate Performance Office working for three months on an outline business process review and there are plans to fully implement a review next year. As part of the ESCR project full process reviews will take place.

8.9   **IT Infrastructure**

8.9.1 A report, dated July 2004, has been compiled for the SWIFT Management Group on improvements to be made to the IT infrastructure. However, no officers and implementation dates have been assigned to the issues identified on the report. At the time of the review, management stated that they were liaising with the IS service on this matter.

Risk:	*Priority 2*
Ineffective IT infrastructure could affect efficient, timely and effective service delivery.	

Management response (IS service):

This is being addressed in the Infrastructure Transformation Project which is targeted for completion by March 2006.

8.10   **Integration of care management and finance system**

8.10.1 At the time of the review SWIFT was being interfaced with SAP/Council's core financial system. We were informed by Management that the monitoring of expenditure and income elements on clients will be done in SWIFT, and SAP will be used to monitor the overall budget position from information and data coming from SWIFT. Also Management stated that the main expenditure and income elements that originate in SWIFT which are interfaced with SAP are the following:

(i)   Expenditure : external care purchased for adult clients as part of their care plan;

(ii) Expenditure: care for looked after children (foster carers, external placements);

(iii) Income : adult client charges concerning homecare, residential and nursing care.

8.10.2 Internal Audit's review of project management documentation confirmed that interfaces were planned concerning SWIFT to SAP for accounts payable and accounts receivable. The effectiveness of the interfaces will be determined as part of the post implementation review of SAP.

Management response (IS service):

The SWIFT team has developed 4 interfaces since the introduction of SAP and three of the 4 are currently "Live" and successfully running. This is an achievement in respect to the accounts receivable interface in that the information is derived from SWIFT client contribution. This was previously a manual process.

8.11 **Social Service Debt**

8.11.1 As at July 2005 social service debt (Adult Services) was £7,795,070 (source of information aged debt analysis: Income Section). The debt mainly refers to the following charges :

- Meals at home (£120, 545),
- Home helps (£643, 393),
- Residential accommodation (£4,151,851),
- Respite care (£141,109),
- Nursing care recharged to PCT (£161,761),
- Residential care :due from Department of Works & Pensions (£34,295),
- Piper lifeline : emergency call out system (£23, 084),
- Barnet Primary Care Trust and other Local Authorities : client and staff charges (£2,519,032).

8.11.2 The Assessment and Income section (Adult Services) manage most of the above debts (£5,252,954) except for those relating to Barnet Primary Care Trust and other local Authorities (£2,519,032) and Piper Lifeline (£23,084).

8.11.3 The Borough Treasurer stated that the following issues should be noted on the above social service debt position:-

- £1m of residential care accommodation is covered by charges on property.
- Home help charges are affected by poor and late information on which to calculate and invoice charges to clients. At the time of the review SWIFT is being interfaced with SAP and the electronic data capture system which should improve the above issue.
- Social services debt is difficult to collect and enforce, largely because the Council has no right to stop providing services if the client does not pay.
- A major debt review is currently in progress in order to write-off irrecoverable amounts. This was reported to the Audit Committee on 31

August 2005.
- The central debt provision was increased by £1.75m in the 2004/05 accounts, with the expectation that a significant proportion of this will be taken up by social services debts. It should be noted that a specific bad debt provision for Adult Services of £3.7 m has been detailed in the 2004/05 accounts.

8.11.4 Internal Audit carried out a review of the Assessment and Income section in July 2004 and gave limited assurance (medium risk exposure rating) that management's objectives for the Service are being achieved.

8.11.5 A follow-up review (September 2005) revealed that out of seven recommendations made, one has been implemented, five have not been implemented and one was partially implemented. A high risk exposure rating was given for the Assessment and Income Section (see Appendix B : Final report/Follow-up : Audit Review of the Assessment and Income Section dated September 2005).

8.11.6 The recommendations not/partially implemented refer to the following issues:
   (i)   Duplication of systems regarding the assessment process.
   (ii)   Lack of management and exception reports generated.
   (iii)   Control processes for posting receipts
   (iv)   Identification of management information for performance purposes.
   (v)   Lack of review of the debtors process to identify slow moving and irrecoverable debtor balances.
   (vi)   No review carried out of debtors balances to identify bad-debts to be written-off.

8.11.7 It should be noted that 4 out of the 6 recommendations which have been not/partially implemented are dependent on the financial assessment module being implemented in SWIFT. We have been informed by management that the financial assessment module in SWIFT has not been implemented due to the Assessment and Income section's operational priorities concerning implementing SAP. Plans to implement Financial Assessment have been put back to December 2005

8.11.8 At the time of the review we were informed by management that control procedures and processes are being developed to ensure that services raise invoices on Swift/SAP accurately and completely. Internal Audit are carrying out a separate review of the above control issues as part of our work on the SAP/Modernising Core Systems project.

> **Risk :**   **Priority 1**
>
> **In the absence of effective debt management procedures the Council may not be maximising income due and additional resources may be needed to collect outstanding debts.**

Management response (IS service):

Reports and validation procedures are now in place to check the data integrity before it goes to the SAP system for invoicing.

8.12 **Guide to Risk Priority :**

Priority 1 - Significant risk that either objectives will not be met efficiently and effectively or that fraud or irregularity will not be prevented or detected.

Priority 2 - Only limited assurance that objectives will be met efficiently and effectively and that fraud or irregularity will be prevented or detected.

Priority 3 – This represents accepted best practice and should be implemented as soon as resources allow.

9 LIST OF BACKGROUND PAPERS

9.1 None

BS: JEL
BT: CM

Audit: Swift/Performance Management : DRAFT FOLLOW UP REVIEW   **Date: August 2005**

Client: Adult Social Services   **ACTION PLAN**

Previous audit reviews : Report no. 2004-137 dated March 2004 and followed up in March 2005 report no.50074

REF NO.	FINDING	AGREED ACTION	RESPONSIBLE OFFICER	ACTION TAKEN
1.	**Data Mapping** There is no overall knowledge where source data is held for the completion of statutory returns. Care management data is held within Swift and other computer/manual systems.	*Agreed* - A SWIFT project on 'Statutory Returns and Obligations' will pull together a corporate calendar of statutory returns, a data mapping exercise completed in March 2004 and detailed procedures of how each statutory return is collated, analysed, completed and submitted. This will incorporate information from other databases including financial systems.	**Business Improvement & Performance Manager/ Divisional Manager Performance & Quality**	**Partially implemented** **Implementation date: November 2005** **(Implementation date agreed at follow-up review dated March 2005 report no.50074)**

REF NO.	FINDING	AGREED ACTION	RESPONSIBLE OFFICER	ACTION TAKEN
2.	**Interfacing (or integrating) with other systems – incompleteness of data** All relevant data is not being captured by Swift for performance management purposes and statutory requirements. The review identified service areas from whom care management data is currently not collected. There are some systems that have not been interfaced with Swift. As part of the interfacing (or integrating) with other systems, only one business case was submitted to the Swift Project Board (from the Meals on Wheels section).	**Agreed-** Interface projects now exist between SWIFT and three other systems: ePEX is the health case management database and a project is running to interface it with SWIFT for mental health and learning disability clients to reduce double-entry on both systems. Call Confirm in a home-care monitoring system that will provide data on actual home-care provision delivered by our 14 contracted agencies for reconciliation with invoices. SAP is the Modernising Core Systems software that will link financial information with SWIFT information.	**Business Improvement & Performance Manager/ Divisional Manager Performance & Quality**	**Not implemented** **Implementation date: October 2005** **(Implementation date agreed at follow-up review dated March 2005 report no.50074)**

REF NO.	FINDING	AGREED ACTION	RESPONSIBLE OFFICER	ACTION TAKEN
3.	**Migration of Data** As part of the migration of data from CRISSP to Swift, there was a period of three weeks during which the care groups were required to record data manually, i.e. before Swift went live. However, a number of care groups did not record data on the manual forms as provided.	*Agreed-* An exercise is taking place to reconcile data from social worker's caseloads, peripheral databases and manual referral logging systems with SWIFT; this is to ensure that all referrals and assessments completed between the switching off of CRISSP and the go-live of SWIFT in Oct/Nov 2003 have been transferred onto SWIFT. Outstanding areas include Occupational Therapists with equipment referrals, Meals clients and deceased clients. Data capture clerks are now working on this.	**Business Improvement & Performance Manager/ Divisional Manager Performance & Quality**	**Implemented**

REF NO.	FINDING	AGREED ACTION	RESPONSIBLE OFFICER	ACTION TAKEN
4.	**Inter-Agency Working** The complexity of increased inter-agency working has added to the challenges of cross-system information sharing and integrated working between the Council, the local Primary Care Trusts and other voluntary sectors. There is no effective integrated strategic planning between Social Services and Health in relation to performance management. Community Care, PCT and the voluntary sector should have strategic performance frameworks in which they can collect, exchange and share performance management information.	**Agreed-**The service focus will on implementation of SWIFT and interfacing between other agency's databases.	**Business Improvement & Performance Manager/ Divisional Manager Performance & Quality**	**Not implemented** **Implementation date: October 2005** **(Implementation date agreed at follow-up review dated March 2005 report no.50074)**

Recommendation	Agreed Action	Implem. Date	Responsible Officer	Status
Objectives and policies Recommendation 1 Priority 2 Management should establish, document and communicate to staff the objectives and policies for the service.	Agreed and implemented Recommendation accepted in respect of the need for formal documentation. Issues of "fairness" to our clients are something that are often raised & discussed at team meetings. Priorities for the service are communicated & discussed at team meetings which are documented by way of meeting minutes.	June '04	Assessment and Income Manager	**Implemented** Service objectives are published on Council Intranet site.
Assessments Recommendation 2 Priority 2 To improve efficiency within the assessment process, management should review the process and eliminate any duplication within the process.	Agreed This will be removed with the implementation of the SWIFT FA module where all assessment officers will be responsible for input of their own assessments and will calculate charges on-line.	Sept / October '04	Assessment and Income Manager (date to go live is dependent on swift team.)	**Not Implemented** Management Comment: SWIFT FA is not implemented. Further Action: Ensure that duplication of process is eliminated after SWIFT FA is implemented. Implementation Date:

Recommendation	Agreed Action	Implem. Date	Responsible Officer	Status
	The current duplication exists because of the inadequacy of the access db to cope with input from multiple staff. It is therefore necessary to rely on one central input point with the manual assessment information being recorded to enable one operator input.			December 2005
Assessment and invoicing Recommendation 3 Priority 1 Management has planned to implement a financial module within the 'SWIFT' system. Management should ensure that the package is capable of reducing the inefficiencies within the current process and the package is capable of performing both the assessment and invoicing process and generate appropriate management information that will be required to effectively manage the service.	Agreed The implementation of the SWIFT FA module is planned for Sept/Oct 2004 with version 17 of SWIFT. SWIFT will be used to do the assessments and will then interface with Core Financials System for the invoicing process.	April '05	Assessment and Income Manager and the SWIFT team.	**Not Implemented** Management Comment: As per recommendation 1. Further Action: Ensure that new module is capable of carrying out functions specified within recommendation. Implementation Date: December2005

Recommendation	Agreed Action	Implem. Date	Responsible Officer	Status
Financial management Recommendation 4 Priority 1 Management is currently reviewing the financial module within the SWIFT package for implementation within the service. Management should ensure that the financial module is capable of processing receipts from clients which should eliminate inefficiencies within the current process. Management must ensure appropriate controls are in place to ensure the data within the SWIFT module are completely and accurately imported into LAFIS financial accounting system.	Agreed This is part of the current consideration being given to the two invoicing options as described above. The interface between SWIFT & the Core Financial system would be developed by the SWIFT team/ IS rather than A&I, but the A&I team expect to be fully involved with the evaluation & testing of whichever option is chosen.	April '05	Assessment and Income Manager	**Not Implemented** Management comment: SWIFT FA not implemented. The AIM is involved in creating an interface between SWIFT FA and SAP. Further Action: As per recommendation 4. Implementation Date: December 2005

Recommendation	Agreed Action	Implem. Date	Responsible Officer	Status
Debtors management Recommendation 5 Priority 1 Management should implement a debtors' review process to identify slow moving and irrecoverable debtors balances. Positive action should then be taken to speed up the payment process.	Agreed This is underway. One member of staff has been relieved of normal duties to undertake a specific & targeted debt collection exercise. The longer term aim of this is to identify the most effective & efficient strategies for debt recovery & the most effective way of incorporating this within normal work routines. This process will be assisted by the release of resources later this year from routine but time-expensive tasks such as the duplication identified by the Auditor in the assessment process following the implementation of SWIFT FA module and subsequent to that the implementation of a new invoicing system which will release resources now used for invoice punching.	August '04	Assessment and Income Manager	**Not Implemented** Management Comment: Small debts have been written off. However nothing is done at present because the debtors system is not accessible. Further Action: Ensure that appropriate process is put in place for effective monitoring of debtors. Take appropriate action to speed up income collection and address irrecoverable balances. Implementation Date: October 2005
Debtors Review	Agreed			**Not Implemented**

Recommendation	Agreed Action	Implem. Date	Responsible Officer	Status
Recommendation 6 Priority 1 Management should implement a periodic review of debtors balances to identify any balances where recovery is remote. A list of irrecoverable balances should be drafted and presented to committee for approval, to write-off the irrecoverable amounts.	Management would implement a quarterly review of the debtors balances. There is a formal review of debts outstanding usually at the end of service/ on death where debts may be identified as appropriate for a write off recommendation. Since we are often able to recover debt through a claim against a deceased client's estate it will not often be appropriate to recommend write off before this point. However the process of collating these for approval has not been given proper attention in recent years due largely to shortages in staffing and numerous major system & legislative changes requiring management time to be diverted to maintaining acceptable levels of client service. This now needs to be addressed.	November '04	Assessment and Income Manager	Management comment: An Officer is currently in process of identifying old debts to be written off. Further Action: Complete identification of irrecoverable debts and gain appropriate approval for write-off. Ensure that write-offs have been processed accurately. **Implementation Date:** October 2005.
Performance management				**Partially Implemented**

Recommendation	Agreed Action	Implem. Date	Responsible Officer	Status
Recommendation 7 Priority 1 Management should identify the specific information that would be required to effectively manage the service. Management should ensure that the SWIFT system is capable of generating the specific information required. Appropriate controls should be implemented to ensure that the management information system in place, generates information which is complete, reliable and specific to management's needs.	Agreed During August/September 2004, requirements would be identified during the testing stage. During the first three months after SWIFT Financial assessments has gone live, test what has been specified is being generated. Formalise reporting procedures.	July '04	Assessment and Income Manager	Management Comment: We have not yet reached the testing stage for SWIFT FA. Further Action: Ensure that System is capable of generating the required information. Ensure that information generated from system in accurate and complete. Implementation Date: December 2005

Previous Risk Exposure: Medium
Current Risk Exposure: High

In relation to recommendations 5 and 6 please note that as at 30th June 2005 the figure for debt exceeding two years is over £2 million. As a result the risk level has been increased to high.