



<b>Meeting of East Renfrewshire Health and Social Care Partnership</b>	Performance and Audit Committee
<b>Held on</b>	29 March 2017
<b>Agenda Item</b>	10
<b>Title</b>	Audit Actions Update
<p><b>Summary</b></p> <p>This report provides a progress position on:</p> <ul style="list-style-type: none"> <li>▪ An update on the Council Internal Audit report on Payment to care Providers (MB/919/RMEL)</li> <li>▪ The action plan from the IJB Annual Report &amp; Accounts 2015/16</li> <li>▪ The action plan from the Council External Audit Key Controls Report 2015/16</li> </ul>	
<b>Presented by</b>	Lesley Bairden, Chief Financial Officer
<p><b>Action Required</b></p> <p>The Performance and Audit committee is requested to note:</p> <ul style="list-style-type: none"> <li>▪ The attendance at the East Renfrewshire Council Audit &amp; Scrutiny Committee</li> <li>▪ The progress to date against recommendations in the action plans</li> </ul>	

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**EAST RENFREWSHIRE INTEGRATION JOINT BOARD****PERFORMANCE AND AUDIT COMMITTEE****29 March 2017****Report by Chief Financial Officer****AUDIT ACTIONS UPDATE REPORT****PURPOSE OF REPORT**

1. The purpose of this report is to provide the Performance and Audit Committee with an update on:
  - An update on the Council Internal Audit report on Payment to Care Providers (MB/919/RMEL)
  - The action plan from the IJB Annual Report & Accounts 2015/16
  - The action plan from the Council External Audit Key Controls Report 2015/16

**RECOMMENDATION**

2. The Performance and Audit committee is requested to note:
  - The attendance at the East Renfrewshire Council Audit & Scrutiny Committee
  - The progress to date against recommendations in the action plans

**BACKGROUND**

3. This report provides updates on key audit recommendations and action plans relating to the HSCP.
4. We will report all significant new activity as and when it arises during the year, including any reports resulting from NHS audit work plan relating to partnerships which will include financial controls, performance reporting, delayed discharge and governance.
5. The supporting Appendices are:

Appendix 1	Follow up of Payment to Care Providers Audit
Appendix 2	The action plan from the IJB Annual Report & Accounts 2015/16
Appendix 3	The action plan from the Council External Audit Key Controls Report 2015/16 (trade payables extract relating to HSCP)

**REPORT**

6. The main developments since last reported are discussed below.
7. The Chief Internal Auditor took the follow up report on the Payment to Care Providers to East Renfrewshire Council's Audit and Scrutiny Committee on 2<sup>nd</sup> March 2017. The Chief Internal Auditor acknowledged that progress had been made, with a number of previous recommendations closed and confirmed that this was

satisfactory. The Chief Financial Officer of the HSCP attended and answered questions on the report. The action note from this committee meeting confirms no action required.

8. The update report and management response is included at Appendix 1. The Chief Financial Officer will continue to report updates to this committee until all remaining recommendations are closed.
9. The action plan from the IJB accounts is included at Appendix 2 and broadly remains as last reported. However members of this committee will note the 2017/18 Budget for the IJB is included on the agenda for the meeting on 29 March where it will be discussed in full. The progress against this plan also forms part of the proposed audit plan, for the IJB, by Audit Scotland, as discussed elsewhere on this agenda.
10. The action plan from the Council External Audit Key Controls Report 2015/16 (trade payables extract relating to HSCP) is shown at Appendix 3. This will be tested by Audit Scotland as part of the 2016/17 year end process.
11. Implementation of Care Finance continues, with an operational working group established to ensure any day to day issues, training, knowledge gaps and potential streamline / revisions to process are discussed. This project is nearing completion with much of the routine work now in an operational phase.
12. There is still some work to do to review and streamline processes and ensure we optimise the system functionality to its full potential. Any new developmental elements or indeed changes to current process will be agreed with the Chief Internal Auditor to ensure we maintain robust governance.

## CONCLUSIONS

13. The Performance and Audit Committee can take assurance that progress continues to be made to ensure all audit recommendations are fully complied with. The action plans will continue to be reported to this committee until all recommendations are closed.

## RECOMMENDATIONS

14. The Performance and Audit committee is requested to note:
  - The attendance at the East Renfrewshire Council Audit & Scrutiny Committee
  - The progress to date against recommendations in the action plans

## REPORT AUTHOR AND PERSON TO CONTACT

Lesley Bairden, Chief Financial Officer  
[Lesley.Bairden@eastrenfrewshire.gov.uk](mailto:Lesley.Bairden@eastrenfrewshire.gov.uk)  
0141 451 0746

21 March 2017

HSCP Chief Officer: Julie Murray

**BACKGROUND PAPERS**

East Renfrewshire Council Audit and Scrutiny Committee

**KEY WORDS**

Audit, recommendations, payment, providers

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**Follow up of Payments to Care Providers Audit**

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Chief Auditor  
MB/986/EL  
6 December 2016

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## FOLLOW UP OF PAYMENTS TO CARE PROVIDERS AUDIT

### 1. INTRODUCTION

Internal audit previously reported on the findings resulting from an investigation which took place as a result of a request from the Director of the then CHCP as a result of newspaper articles which appeared in the national press that the council had made overpayments to providers. In total 23 recommendations were made in October 2015 and have been progressed by the new HSCP over the year.

The risks of not addressing the issues highlighted by internal audit would include poor control and potential overpayments.

Ongoing implementation of the Carefirst Finance system has taken place throughout this time and full implementation will address many of the points raised however at the time of the follow up audit, service agreements for mental health and children and families were not fully on the system. Audit have however subsequently been advised by the HSCP Chief Financial Officer that all service agreements are now on Carefirst Finance.

### 2. SCOPE

The audit included ensuring that appropriate action has been taken in addressing the points raised in the audit report and that updates provided by the department are accurate and reflect a true picture of the action taken and the current position.

### 3. CONCLUSION

It is clear that a lot of work has been carried out within the HSCP in order to address the issues highlighted in the Payments to Care Providers audit. Reports submitted to audit committee for both IJB and the council's audit and scrutiny committee were reviewed by audit as part of this follow up. The main areas still to be implemented relate to Independent Living Funds and the reconciliation between committed and actual learning disability expenditure as at 31 March 2016 on an individual service user basis to provide assurance that no further overpayments have occurred. The following points remain outstanding and require attention.

## FINDINGS AND RECOMMENDATIONS

### 4. OVERPAYMENTS

#### 4.1 Financial ledger

Reconciliation of the financial ledger to the carefirst finance system has taken place at year end for 2015/16 however due to the ongoing implementation of the system during the year, whilst most clients service agreements had been input to the system, they were not yet operational and authorised on the system at this point. This means that the majority of payments made for clients were not controlled and authorised through carefirst finance for 2015/16 rendering the reconciliation less meaningful.

Reconciliations listed items in the ledger not on carefirst however it was not easy to identify individual transactions as only the order number for each provider was noted against each invoice amount. Supporting documentation identifying these amounts was available however the Development Accountant has agreed to ensure that future reconciliations show sufficient information to allow individual amounts to be uniquely identified.

The HSCP Finance Business Partner compared the commitment spreadsheets totals to payments made via the ledger to ensure that the difference between actual ledger spend and commitment projected spend overall was acceptable. The overall

variance across all HSCP services is that ledger payments are £104k less than commitments made, however individual headings show that learning disability (LD) was overspent on the commitment by £771k and at the time of the follow up audit, HSCP were unable to demonstrate on an individual service user basis showing actual spend against commitment however work is currently in progress on this. The HSCP Chief Financial Officer has advised that this work will be completed and ready for review by 31 January 2017.

No actual reconciliation has been carried out on 2015/16 actual to commitment detailing specific clients over or underspends however HSCP Finance have confirmed that work is ongoing to produce this.

For 2016/17 going forward, the Carefirst Finance system will provide easy access to information regarding commitments and actual invoices processed for each client however at this stage, implementation of Carefirst Finance is incomplete across all services but is in place for LD.

#### **Recommendation**

**4.1.1 Reconciliations between Carefirst Finance and the ledger should contain sufficient information to allow identification of amounts paid to the actual invoice.**

**4.1.2 A full reconciliation is required for 2015/16 between actual and committed expenditure for learning disability ensuring that any over or underspend can be identified to individual service user.**

#### **4.2 Independent Living Fund (ILF)**

It was previously reported that there were issues over the monitoring and control of payments of Independent Living Funds (ILF). Some service users' ILF is paid directly to the service provider, some service users receive ILF directly whereas for others, the ILF is received by the council and then submitted to the service provider as part of the payment for services. As part of the original report, instances of double funding were found in the overpayments identified previously where ILF was being paid directly to the provider and also by the council as part of the payment made to the provider. The HSCP finance team will need to demonstrate how ILF payments are monitored and show that there has been no further double funding.

The Chief Finance officer has reported that work remains ongoing for corporate appointee clients (5 of 27 completed) and full reconciliations will be completed for all ILF clients during 2016/17. As HSCP have acknowledged that this work is ongoing, audit have not carried out any further work on this area currently and the previous recommendations are repeated.

#### **Recommendation**

**4.2.1 A full reconciliation over the last several years needs to be done for all service users who receive ILF to ensure that the funds are fully and accurately accounted for. Any resulting overpayments to providers identified must be invoiced promptly.**

**4.2.2 Confirmation is sought that regular reconciliations will be carried out on an ongoing basis to ensure that all ILF monies are appropriately accounted for.**

## 5 PROCESSES

### 5.1 Existing financial records

It was previously recommended that the many spreadsheets used to monitor and control commitments and invoices should not continue to be used as they were inadequate and needed to be replaced.

If use of spreadsheet logs continued, they were required to be updated and reconciled however this has not happened. For the most part where LD sheets have been reviewed there has been no reconciliations carried out either periodically or at the year end.

The HSCP Chief Financial Officer explained however that the LD spreadsheets were only used up to the point of information being put onto the Carefirst Finance system and has committed to providing individual service user based reconciliations using the LD spreadsheets in conjunction with Carefirst Finance service agreements and financial ledger spend.

Based on the spreadsheets and other information available at the time of the follow up audit, it was not possible for audit to verify that no further overpayments had occurred during 2015/16 for LD service users, however as detailed above at point 4.1, reconciliations are in progress.

It is appreciated that the new system will replace all spreadsheets used however until this is fully implemented during 2016/17 spreadsheets used require to be monitored and reconciled.

#### **Recommendation**

***5.1.1 Where spreadsheets continue to be used for commitments and monitoring they should be kept up to date and reconciled regularly with a supervisor evidencing checks on the reconciliations.***

## 6 MISCELLANEOUS

### 6.1 Ongoing review of client commitments

For those clients already with a commitment on Carefirst Finance, a commitment report is available which lists for each client their commitment costs per week. The number of hours service committed for clients is not included on the commitments reports. This has been issued to service managers on a quarterly basis, and has been re-run on request for other managers. There is no requirement for service managers to positively return that they have reviewed the commitments and agree that they should continue though this is something that the HSCP Chief Financial Officer have now indicated would be started immediately and evidence of this action would be maintained.

#### **Recommendation**

***6.1.1 On an ongoing basis, front line operational staff should be required to confirm that each service user is still receiving the services that are being paid for.***

***6.1.2 The commitment report set up should be revised to include agreed weekly hours of service as well as weekly cost and cumulative actual costs processed and this detail should be verified as correct for each individual service user by operational management on a regular periodic basis.***

**6.2 Allocated care worker**

It was previously noted from an analysis of the care logs and spreadsheets that where there is a column headed "care manager", there are several service users where this column has been left blank or shown as "unallocated".

The implementation of the carefirst finance system has facilitated a report showing all service agreements and whether there is an allocated case worker for each. There are 5,407 authorised service agreements on the system, across all teams, but only 1,740 of these have been allocated to a specific social worker. It was explained to audit that clients with frequent contact with their social worker may retain their allocated worker however generally, after review takes place, each client is allocated to a review clipboard which ensures that regular review takes place and a social worker is subsequently allocated for each new review. This may or may not be the same social worker who carried out the last review.

For LD service users, a report is run monthly to identify which reviews are due to be carried out and the reporting system allows cases to be tracked as to when the review is due and has taken place. Staffing issues however have impacted on the speed of review of these cases and many are overdue. The HSCP Chief Financial Officer has advised that resource has been allocated to Learning Disability on a temporary basis, with two Social Workers dedicated to reviewing cases, commencing with out of area placements.

***Recommendation***

***6.2.1 Ongoing review of all active authorised service agreements should take place and evidence of this should be held for all teams. Specifically review of unallocated clients with service agreements should be carried out and evidenced.***

Chief Auditor

6 December 2016

## APPENDIX 1 Audit Response - MB/919/RMEL - Report on Payments to Care Providers

## Response and Action Plan

Ref.	Audit Recommendation	Rec Accepted YES / NO	Action	Progress	Expected Completion	Responsible Officer
4.1.1	Reconciliations between Carefirst Finance and the ledger should contain sufficient information to allow identification of amounts paid to the actual invoice.	Yes	Quarterly reconciliation process in place	<p>Period 3 complete</p> <p>Period 6 complete and training in place for knowledge share</p> <p>Unique batch numbers from Efins allows identification of amounts paid to actual invoice.</p>	Done	CFO
4.1.2	A full reconciliation is required for 2015/16 between actual and committed expenditure for learning disability ensuring that any over or underspend can be identified to individual service user.	No	<p>This recommendation is not accepted; the attached briefing note identifies the mitigation against any risk and the Chief Officer and Section 95 Officers of both the HSCP and ERC consider the resources required to undertake this work would not demonstrate value for money.</p> <p>Please see attached for supporting detail.</p>	<p>For information we are also developing Care Finance reporting and intend to further develop reconciliations by person as standard practice. This will include:</p> <ul style="list-style-type: none"> <li>• Care Finance commitment</li> <li>• Care Finance payment</li> <li>• Ledger Payment</li> <li>• Service Sign off</li> </ul> <p>Thus providing full "account management" information</p>	N/A	CFO
4.2.1	A full reconciliation over the last several years needs to be done for all service users who	Yes	Will be completed for period 2014/15 to 2016/17 and ongoing	Current year completed periodically on receipt of bank statements.	31/03/17	CFO

	receive ILF to ensure that the funds are fully and accurately accounted for. Any resulting overpayments to providers identified must be invoiced promptly.		thereafter as one element of full reconciliation process set out above			
4.2.2	Confirmation is sought that regular reconciliations will be carried out on an ongoing basis to ensure that all ILF monies are appropriately accounted for.	Yes	Please see 4.2.1 above	Work ongoing as 4.2.1 above	Ongoing	CFO
5.1.1	Where spreadsheets continue to be used for commitments and monitoring they should be kept up to date and reconciled regularly with a supervisor evidencing checks on the reconciliations.	Yes	See 4.1.2	All use of spreadsheets as part of routine business will be covered as in reconciliations above.	Ongoing	CFO
6.1.1	On an ongoing basis, front line operational staff should be required to confirm that each service user is still receiving the services that are being paid for.	Yes	Client information is sent quarterly to services for verification.  In addition the client commitment information is an integral element of budget monitoring.	A formal sign off process to confirm review will be put in place	31/3/17	CFO
6.1.2	The commitment report set up should be revised to include agreed daily/weekly hours of service as well as weekly cost and actual costs processed and this detail should be verified as correct for each individual service user by operational management on a regular periodic basis.	Yes in part	The commitment reporting from CareFinance will be further developed to allow activity and financial commitment information to be viewed within one report – subject to system parameters	CFO has reviewed commitment reporting with other partnerships and OLM are engaged to replicate, subject to system parameters	31/3/17	CFO

6.2.1	Ongoing review of all active authorised service agreements should take place and evidence of this should be held for all teams. Specifically review of unallocated clients with service agreements should be carried out and evidenced.	Yes	Annual reviews will take place for all active service agreements.  A report identifying all unallocated clients who are not on a review clipboard will be distributed to teams weekly for review.	Reviews in 16-17 concentrated on out-of-area and high-value packages. From 17-18, the intention is to review all care packages annually, using CareFirst data as the driver for this exercise.  Report is currently being developed by the CareFirst team and will be distributed to operational teams as soon as available.	Ongoing	Head of Health & Community Care
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## Payment to Providers Follow Up Report – Briefing Note

### Purpose

This briefing note sets out the rationale for the HSCP's rejection of recommendation 4.1.2 of Audit Response - MB/919/RMEL - Report on Payments to Care Providers. The HSCP accepts the remaining 7 recommendations and continue to progress actions.

### Scope and Recommendation of Original Audit Report

The original Audit Report focussed on Learning Disability payments to providers, which had been made on schedule payments. Schedule payments were fixed amounts paid on a periodic basis to a number of providers, with retrospective adjustments for changes in planned activity.

At the time of the original audit, wider testing work in relation to payments made on receipt of invoice for all care groups, including Learning Disability did not identify any other area of particular risk. Payments on receipt of invoice are payments made to providers on submission of an invoice for services provided for that period, matched against a purchase order (either the commitment log or service agreement) to ensure services were delivered.

The recommendations from the original report did not specify a by person reconciliation for 2015/16;

*"4.3.1 The ledger must be a key component in any regular reconciliation which are being carried out in future. Audit should be given confirmation that the Carefirst Finance system will be fully reconciled to the financial ledger on a regular basis."*

The new recommendation was made as part of the follow up work;

*"4.1.2 A full reconciliation is required for 2015/16 between actual and committed expenditure for learning disability ensuring that any over or underspend can be identified to individual service user."*

### Migration to Care First

The issues from 2014/15 related to schedule payments; these schedules were fully reconciled in 2015/16 and completely phased out by the end of 2015/16. The 2014/15 issue relating to schedule payments was fully dealt with, all sums recovered and reconciliation, by person, was provided to both internal and external audit.

During 2015/16 all Learning Disability service agreements were reviewed, verified and migrated to Care Finance. All creditor payments generated using Care Finance were reconciled to the ledger and for those payments made outwith Care Finance an analysis by provider was completed. The 2015/16 creditor payments to suppliers, for Learning Disability, totalled £7.7m

	£m	Comment
Care Finance	0.3	Readily analysed by individual
Direct Payment	0.5	Readily analysed by individual
Schedule Payments	1.1	Readily analysed by individual, now ceased
Creditors Invoice	5.8	Analysed by provider in reconciliation
Total	7.7	

It should be noted that whilst £5.8m invoice payments were paid under the old system through creditors, as service agreements were migrated to Care Finance these were used to match invoice payments. Every care package was reviewed and verified during 2015/16 and migrated to Care Finance as the year progressed. The table below shows the timeline;

Month added	Service Agreements	cumulative %
January 2015	40	4.25%
February 2015	2	4.34%
March 2015	18	6.63%
April 2015	1	6.65%
May 2015	1	6.86%
June 2015	3	7.72%
July 2015	9	9.20%
August 2015	56	23.21%
September 2015	78	58.62%
October 2015	82	71.67%
November 2015	16	75.83%
December 2015	29	81.53%
January 2016	27	85.21%
February 2016	27	92.87%
March 2016	25	100.00%
<b>Grand Total</b>	<b>414</b>	

Note – multiple Service Agreements for some individuals for different care elements

During the course of the migration to Care First every invoice payment was checked to a service agreement or commitment log to ensure the equivalent of a purchase order was in place to allow authorisation of invoice. Where there were any queries with invoices these would be followed up prior to payment. The significant delay in creditor payments during 2015/16 reflected the time taken to follow up on invoice queries with both providers and with service managers; with weekly progress on outstanding payments being provided to ERC Head of Accountancy and reported through the Care Finance project board.

It should also be recognised that the Contracts Monitoring team continued monitoring and liaison work with providers during 2015/16, on a risk based approach by provider. Every provider was required to submit a record of service delivery on a 4 weekly basis, to be reviewed by the contracts officer for that service; any issue would be followed up with the provider / operational services / finance as required.

#### **Agreed Approach to 2015/16 Reconciliation**

The HSCP DMT agreed (on advice of the Chief Financial Officer for the HSCP) to a risk based approach for 2015/16 and agreed the content and approach of the annual reconciliation with the council's external auditors, with the focus on any cost variation being analysed through month on month changes in projected costs.

We reported throughout 2015/16 variance to budget and reasons for changes in projections for care package costs; both the HSCP IJB and ERC cabinet revenue reporting recognised there was significant variation between care groups as budgets were on an historic basis and had not been realigned for some years.

Considerable time was spent with Audit Scotland reviewing the Care Finance system, process and procedures during 2015/16 as part of the trade payables audit within ERC annual accounts and the council and HSCP accounts were closed without adjustment.

### **Reason for Variance**

The HSCP stated we would not realign budgets in 2015/16 until all care package costs were migrated to Care Finance. The review and verification of care packages migrating to Care First included a review of coding and care group categorisation. This included clients with a learning disability previously categorised as older people based on age migrating to Learning Disability as their primary care group (including those individuals who came from Merchiston and Lennox Castle as part of the closure of long stay facilities). The budgets were realigned in 2016/17 resulting in no overspend within Learning Disability services. Had this realignment been done in 2015/16 there would have been no overspend within Learning Disability in that year.

### **Implications of Implementing Audit Recommendation**

After much discussion with the Chief Internal Auditor the Chief Finance officer initially agreed that HSCP would accept the recommendation for individual reconciliation. Where the payment is generated through Care Finance this can readily be analysed by client against service agreement; where the payment has been made directly by invoice this comparison needs to be manually created to allow a by person and by period breakdown. However once the HSCP finance team commenced this piece of work, it became clear how resource intensive this would be, as in order to satisfy Internal Audit this would require manual analysis of approximately 3,500+ invoices. There is insufficient capacity within the finance team without diverting resource from existing workload which would be detrimental to progress made to date. A number of members of staff involved in the original invoice processing and data migration no longer work for the council / HSCP. If external resource is used this would still impact on workload planning and supervision.

### **In summary:**

This recommendation is not accepted; the detail above identifies the mitigation against any risk and the Chief Officer and Section 95 Officers of both the HSCP and ERC consider the resources required to undertake this work would not demonstrate value for money;

- all historic issues relating to schedule payments have been resolved and schedule payments were phased out in 2015/16
- invoices were matched to care commitment logs or to Care Finance service agreements, with any queries investigated as standard practice
- all service agreements were reviewed throughout 2015/16 with any queries resolved before migration
- we routinely reported budget alignment would not take place until all data was migrated to Care Finance; learning disability would not have shown an overspend had this realignment been done in 2015/16
- contract monitoring work was undertaken throughout the year, with a 4 weekly record of service delivery submitted by all providers, with any queries followed up as standard practice

- significant time was spent with Audit Scotland reviewing controls, process and procedure as part of the trade payables audit for the council accounts
- the 2015/16 accounts were closed without adjustment
- there are no ongoing risks for 2016/17 the Care Finance systems can produce information by client as required

No.	Paragraph Ref.	Issue/Risk/Recommendation	Management action/response	Responsible Officer / Target date	Update
1	35	<p><b>Budget Approval</b> Due to delays obtaining the NHS budget, the IJB set an interim 2016/17 budget using indicative figures. The initial budget was not indicated until July and agreed in August.</p> <p><b>Recommendation</b> Continue to develop a close working relationship with partner bodies to minimise any delays in future budget setting, that might affect delivery of strategic plan initiatives or result in a reduced period to achieve savings.</p>	<p>The timing of NHS financial planning and associated partnership budget contributions is a national issue.</p> <p>We continue to raise this through a number of fora both locally and nationally.</p> <p>The CFO continues to develop relationships with peers including our partners.</p>	<p>Chief Financial Officer</p> <p>31 March 2017</p>	<p>Timetable remains an issue, determined by dates of Scottish Government settlement.</p> <p>Financial planning remains ongoing and 2017/18 budget will be presented to IJB on 29 March 2017.</p>

No.	Paragraph Ref.	Issue/Risk/Recommendation	Management action/response	Responsible Officer / Target date	Update
2	37	<p><b>Saving Targets</b> Saving Targets – The August 2016 budget update presented to the Board reported a projected in</p>	<p>The budget update report to the IJB in August 2016 identifies a recurring</p>	<p>Chief Financial Officer</p>	<p>Plans identified for recurring</p>

		<p>year savings target shortfall of £0.475m for 2016/17 against the NHSGGC budget contribution to the partnership to be met through non-recurring support from our partner NHSGGC, subject to achieving the full recurring savings of £0.843m in year 2017/18. In the report the Chief Financial Officer highlights that the level of savings required could impact on service delivery and future outcomes as identified in the Strategic Plan.</p> <p><b>Recommendation</b> The level of savings required for 2016/17 may impact on the IJB's ability to deliver the existing outcomes identified in the Strategic Plan. If savings plans are insufficient to deliver a break even position in 2016/17 then the IJB will need to consider how to address this taking account of the options set out in the Integration Scheme.</p>	<p>balance of £843k savings to find and sets out our approach to achieve this. The report also identifies non recurring support confirmed from NHSGGC for 2016/17.</p> <p>The budget update for October 2016 and subsequent reports to the IJB will identify plans to achieve savings on a recurring basis and also address likely future savings challenges.</p>	31 March 2017	<p>savings by 2017/18 to be agreed by IJB 23/11/16.</p> <p>Non-recurring support agreed with NHSGGC for £843k for 2016/17 (as with other partnerships).</p>
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No. / MKI Ref.	Audit Finding	Management response/planned action	Responsible Officer / Target date	Update
<b>Trade Payables – Care Finance</b>				
4. (72669,726 71)	<p><b>Care Finance – System Access/Segregation of Duties</b> The Finance Business Partner (Transformation) has super-user access to the Care Finance system. Three individuals have authorisation to match and complete HSCP invoices, service agreements and financial assessments/reassessments on the Care Finance system and we found evidence of these same individuals both matching and authorising payments. There is a risk that payments are made which are not in accordance with underlying care files.</p>	<p>The CareFirst System Manager has confirmed that access permissions to match and complete invoices cannot be separated. We have confirmed with the system manufacturers that it is not possible to split permissions for matching and completing payments. Our system administrator also raised this issue at the CareFirst Scottish Users Group on 9<sup>th</sup> June 2016. No other authorities noted this as having been raised as an issue. This is not an issue specific to ERC we are operating the system as intended. We do accept however this is a system weakness. The mitigating actions in place are@</p> <ul style="list-style-type: none"> <li>• The Finance Team procedure notes state that only a qualified accountant should authorise payments. Currently, this is only undertaken by the Finance Business Partner (Transformation) and the Development Accountant posts. All staff in the team are aware of who this authorisation is restricted to.</li> <li>• A data file is sent automatically from CareFirst to E-financials system which lists all individual invoices that have been authorised. This data file is the master list used by creditors to request supporting invoices (this is read only so cannot be changed). When all invoices are</li> </ul>	<p>Further ongoing review by Chief Financial Officer (IJB)  31 March 2017</p>	<p>The use of Information at Work provides an audit trail for matching and completion of invoices.  We will continue to explore the functionality of all systems to ensure continued robust governance and separation of duties.</p>

		<p>collated to send to creditors to release payment, this list is signed off by a qualified accountant confirming invoice validity and checking invoices initialled only by qualified staff.</p> <p>The Finance Business Partner (Transformation) did key, match and complete an invoice, which is an exception to normal procedure, as this was during a period of sustained complaint from a supplier where payment of the invoices was urgently required. The invoice amount was the exact amount which had been authorised by frontline staff.</p>		
5. &72169, 72674, 72729)	<p><b>Care Finance Reconciliations</b></p> <p>At the time of our audit, we found that no reconciliations between the Care Finance system and the Council's financial ledger had been completed from October 2015 until March 2016.</p> <p>We also found evidence in 10 out of 20 invoices sampled, where staff had varied/amended the amount payable in ranges from 3% and 17% of the original invoice value. Therefore these 10 invoices didn't match the Council's ledger or Care Finance reports. This 'variation' process gives rise for the need to perform additional reconciliations for over/underpayment of invoices.</p> <p>There should be a process in place for ensuring significant variances are;</p>	<p>As of 14 June 2016 all 2015/16 reconciliations were completed and a timetable has been put into place for 2016/17.</p> <p>It needs to be recognised that for 2015/16 the plan was always to continue with the long standing practice of year end reconciliation, and to develop periodic reconciliation for implementation for 2016/17.</p> <p>For 2015/16 additional mitigation was provided by a month on month analysis of movement in projected costs.</p> <p>All transactions processed through each cost centre and account code combination which relates to care costs will be picked up as a matter of course through the reconciliation of CareFirst to the financial ledger, regardless of whether these payments were processed through CareFirst or</p>		<p>The reconciliations for 2016/17 are progressing with a quarterly timetable in place.</p> <p>Period 3 &amp; 6 reconciliations are complete. Period 9 almost complete (as at 20 March) with training included</p>



	<ul style="list-style-type: none"> <li>• Authorised by a senior staff member and;</li> <li>• Monthly reconciliations are done to track and agree these variations with the ledger updated.</li> </ul> <p>There is a risk that under/overpayments are not identified and addressed when the financial statements are prepared, leading to misstatement.</p>	<p>not. Any anomalies will be investigated and this will be fed into routine budgetary control work and ledger maintenance. Actual costs are compared to initial budgets, commitments and also projected outturns regularly throughout the year, and any material deviations are investigated. Payments outwith Care Finance are still subject to East Renfrewshire Council's rules on creditor payments, with goods/services being receipted through the c-pops system under the relevant Purchase Order before payment can be made. Actual costs and commitments with respect to care packages have been validated and verified at team level as part of the implementation of delegated budgets in 2016/17. This ensures managers with local knowledge of care provision have full sight of monies committed for care. Development work is ongoing to improve the use and distribution of variation reports which will be a standing item on budget monitoring agendas</p>	<p>To be implemented during 2016/17</p>	
6. (72336)	<p><b>Care Finance – Vetting Framework Agreements</b> The Council has a Framework Agreement with 12 suppliers for delivering non-residential care. These suppliers have been vetted by the former CHCP Commissioning Team. Testing identified 27 non framework providers who were added to the system.</p>	<p>There are 22 Framework providers; however under the statutory provision of Self Directed Support (SDS), individuals can choose support outwith framework providers. Contracted providers are expected to have a minimum Care Inspectorate grade for care and support. Where an existing provider falls to 2 in this area then it triggers a review of their provision. Providers outwith our frameworks similarly must have a grade of no less than 3 in care and support, if they do we will draw funding until they can demonstrate a sustained improvement of their</p>	<p>Further ongoing review by Head of Strategic Services and Chief Financial Officer  31 March 2017</p>	<p>The Care at Home and Care and Support frameworks are in place and we are in the process of transferring activity to these new frameworks.</p>

		<p>regulated performance. Under the successor framework, currently being procured, we are bringing option 2 of the legislation into the scope of the framework to provide even greater transparency in terms of price and quality to support greater user choice and control. In light of the level of spend outwith the framework, along with routine review, the Departmental Management Team have agreed a review of the SDS approach and framework.</p>		
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