

EAST RENFREWSHIRE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

29 September 2016

Report by HSCP Chief Officer and Chief Financial Officer

Health and Social Care Partnership: Financial Development Progress Report

PURPOSE OF REPORT

1. The purpose of this report is to provide the East Renfrewshire Council Audit and Scrutiny Committee with an update on the progress of financial developments within the HSCP, including the implementation of the Care Finance system.

RECOMMENDATION

2. The East Renfrewshire Council Audit and Scrutiny Committee is requested to note that progress is being made on the action plan resulting from the internal audit report Payment to care Providers (MB/919/RMEL) along with wider improvements in financial control and governance.

BACKGROUND

3. The Integration Joint Board has two sub committees and a strategic planning group. The sub committees are the Clinical and Care Governance Committee and the Performance and Audit Committee, the latter reviews audit and performance matters relating to the HSCP.

4. At the last meeting of the IJB Performance and Audit Committee held on 29 June, following discussion prompted by the latest progress report on Payments to Care Providers, the IJB Performance and Audit Committee requested that an update on financial governance matters be given to the East Renfrewshire Council Audit and Scrutiny Committee to advise on progress made on both this and wider financial development.

5. The Chief Financial Officer (CFO) for the HSCP has taken the lead on finance matters since appointment on 17 August 2015.

REPORT

6. The report will provide an update on:

- Staffing – restructure and transfer to HSCP
- Financial Governance

- Progress on the action plan relating to the internal audit report Payment to care Providers (MB/919/RMEL), including the implementation of Care Finance

Staffing

7. The revised staffing structure for the ERC finance team was agreed in January 2016, following trade union and staff consultation. The rationale for the current structure was based on a named accountant to support each Head of Service and their respective service managers and teams. A matrix approach and standard job descriptions eliminates single points of dependency and improves resilience.

8. The finance team transferred to the HSCP on 1 April 2016 and now report directly to the CFO of the HSCP. The team was fully populated as of 20 June, following external recruitment. A team development day was held on 24 June and there is an ongoing plan of service improvements and developments, driven by audit recommendations, good practice, system and service developments, identifying skills gaps, peer support and professional development.

9. Prior to the transfer to the HSCP the Head of Accountancy undertook an investigation following the Internal Audit Payment to Care Providers report, which resulted in a number of recommendations, all of which had already been addressed or have been subsequently actioned by the CFO of the HSCP.

10. It should be recognised that the whilst the finance team has come through some very difficult and uncertain times, the team has continued to develop, provide a professional service both within the HSCP and to colleagues in other departments, service providers and client families and representatives.

11. The current structure includes temporary resources to complete the implementation of Care Finance.

12. A wider review of finance related work, such as payment of invoices and raising of debtor accounts, is being undertaken to ensure no single points of weakness exist and that a robust and resilient service can be provided.

13. It should likewise be acknowledged that the support from the Systems Team and front line social work has been significant in the progress to date.

Financial Governance

14. There is continuous improvement approach to financial governance, process and procedures again driven by legislation, good practice and improvements as a result of audit actions. For 2016/17 the key developments include:

- Formal delegation of budgets
- Finance standing agenda and standardised reporting, with attendance at service management meetings
- Continued development of the Care Finance tool, both functionality and reporting
- Gap analysis and training programmes will be developed, both routine and bespoke
- Continued development of all financial reporting
- Review of all finance work undertaken within business support

- Review of Self Directed Support resource allocation methodology
- Evaluation of potential use of prepayment cards for support packages

15. The first annual report and accounts has been produced for the IJB, with no issues identified. Detailed budget setting reports and seminars are held for the IJB and routine revenue budget monitoring provides transparent and robust information on which to base financial decision making.

Progress on the action plan relating to the internal audit report Payment to care Providers (MB/919/RMEL)

16. The action plan relating to this report comprised 23 recommendations of which we consider 10 implemented in full with the remaining 13 on target, whilst fully acknowledging that Internal Audit will review and take a view as part of due process.

17. The key messages are:

- All agreed sums recovered
- Schedule payments ceased
- Reconciliations are being undertaken on a regular basis
- Contractual basis for all services reviews completed and tenders progressing
- Staff restructure complete
- Care Finance implementation progressing

18. The East Renfrewshire Council Audit and Scrutiny Committee can be assured that progress has been reported at each meeting of the IJB Performance and Audit Committee;

- 7 December 2015
- 16 March 2016
- 29 June 2016
- 28 September 2016 (scheduled)

19. It has been confirmed with the Chief Auditor that progress on the full action plan will be reported as part of Internal Audit follow up process.

Implementation of Care Finance

20. This is governed by a project board who meet monthly. The project board monitor progress, discuss issues, agree actions and the output from this board informs workload planning and updates for reporting.

21. The HSCP had previously reported that all data (relating to non-residential care) would be migrated by 31 March 2016, recognising that development work would remain on-going. This was reported to the IJB Performance and Audit Committee as part of the action plan for the Payment to Care Providers report and within governance updates.

22. When last reported at 16 March, as part of a governance update, we had still intended to migrate all data, albeit recognising that the Learning Disabilities cases took far longer to migrate than expected, given the complexities of the care packages. In the last couple of weeks in March we had significant capacity issues, both within finance and in the service due to illness and whilst we technically could have met the deadline with an “all hands to the pump” approach we did not want to compromise the integrity of the data migration for the cases outstanding. The data not migrated as at 31 March was 16 Mental

Health cases from a total of 47 and Children's residential and direct payments (196 service agreements).

23. The Mental Health cases included complex package arrangements, similar in nature to the complexities encountered within Learning disabilities and the professional opinion of the CFO of the HSCP was ensuring the integrity of the data and the process to date was more important than meeting the deadline. This approach was endorsed by the IJB Performance and Audit Committee.

24. The Children's residential care and direct payment process was working well under the existing self-contained system and therefore there was no risk in continuing with status quo and migrating once all adult cases are complete. This also benefited the service given a number of newly appointed staff following restructure.

25. We are pleased to report that all data has successfully been migrated to the Care Finance system, ahead of the revised timetable. The position as at 31 March and as at 14 September is set out below:

Area	Total Records	Outstanding as at 31 March	Revised Completion Date	Outstanding as at 14 September
Mental Health	47	16	July 2016	0
Children's Services	278	196	October 2016	0

26. In addition to the original planned work above we have also migrated additions service agreements. This service was previously out of scope as funds were paid on receipt of invoice. However for consistency and completeness we have migrated the records to Care Finance.

27. Development work remains ongoing and includes the interface with the Homecare CM2000 system, the debtors module, and additional modules to maximise the functionality of the system.

28. The configuration and system parameters agreed for Care Finance mean that invoices must be a 100% match to the Service Agreements; whilst residential care is relatively fixed (i.e. the same level of costs over a longer period) the non-residential packages will vary for a multitude of reasons:

- Support hours change
- Clients may opt to bank and flexibly use support hours or respite time
- Illness may result in temporary changes
- Any of the above may impact on transport

29. Any invoice variation to the recorded service agreement must be investigated and verified, which is a resource intensive process resulting in time delays in payment.

30. To mitigate against this we have introduced a policy which allows an invoice to be paid within agreed tolerances, with a control process for verification and follow up revision as required. This allows providers to be paid on valid invoices submitted and will minimise delays to payments.

31. Ongoing development work within the system and wider controls aim to continue to streamline all processes, ensure tight budgetary controls and demonstrate efficient and effective working practices.

32. The HSCP is currently implementing Care at Home and Care and Support contract framework. This will result in a simplified structure of rates which will reduce some of the volume of queries.

33. The Audit Scotland Key Controls Report for 2015/16 reviewed the implementation of the Care Finance system within trade payables, resulting in 3 risk areas and planned management actions;

- System Access / Segregation of Duties
- Reconciliations
- Vetting Framework Agreements

34. The full detail of and response to each are is included within Appendix 1 of Audit Scotland's report which is included on the agenda at item 8.

CONCLUSIONS

35. We have worked hard to ensure robust financial governance within the HSCP including ensuring that all audit recommendations are fully complied with.

36. We recognise that the East Renfrewshire Council Audit and Scrutiny Committee will take assurance from Internal Audit. The IJB Performance and Audit Committee felt it useful to update the East Renfrewshire Council Audit and Scrutiny Committee on progress to date.

37. The IJB Performance and Audit Committee will continue to review progress until all audit actions have been fully resolved.

RECOMMENDATIONS

38. The East Renfrewshire Council Audit & Scrutiny committee is requested to note that progress is being made on the action plan resulting from the internal audit report Payment to care Providers (MB/919/RMEL) along with wider improvements on financial control and governance.

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BACKGROUND PAPERS

[Audit and Scrutiny Committee – 21/01/2016](#)
[Performance and Audit Committee - 18/12/2015](#)
[Performance and Audit Committee - 16/03/2016](#)
[Performance and Audit Committee - 29/06/2016](#)
[Performance and Audit Committee - 28/09/2016](#)

KEY WORDS

Audit, recommendations, payment, providers Care Finance