



| | |
|---|---|
| Meeting of East Renfrewshire Health and Social Care Partnership | Performance and Audit Committee |
| Held on | 28 September 2016 |
| Agenda Item | 9 |
| Title | Audit Actions Update |
| <p>Summary</p> <p>This report provides a progress position on:</p> <ul style="list-style-type: none"> • HSCP Developments Progress Report to East Renfrewshire Council Audit & Scrutiny Committee • The action plan from Council Internal Audit report on Payment to care Providers (MB/919/RMEL) • The action plan for the External Audit Recommendations from the 2015/16 East Renfrewshire Annual Accounts | |
| Presented by | Lesley Bairden, Chief Financial Officer |
| <p>Action Required</p> <p>The Performance and Audit committee is requested to note;</p> <ul style="list-style-type: none"> • The progress report submitted to the East Renfrewshire Council Audit & Scrutiny Committee • the progress to date against recommendations in the action plans | |
| <p>Implications checklist – check box if applicable and include detail in report</p> <p> <input type="checkbox"/> Financial <input checked="" type="checkbox"/> Policy <input type="checkbox"/> Legal <input type="checkbox"/> Equalities <input type="checkbox"/> Efficient Government <input type="checkbox"/> Staffing <input type="checkbox"/> Property <input type="checkbox"/> IT </p> | |

BLANK PAGE

EAST RENFREWSHIRE INTEGRATION JOINT BOARD**PERFORMANCE & AUDIT COMMITTEE****28 September 2016****Report by Lesley Bairden, Chief Financial Officer****Audit Actions Update Report****PURPOSE OF REPORT**

1. The purpose of this report is to provide the Performance & Audit Committee with an update on:
 - HSCP Developments Progress Report to East Renfrewshire Council Audit & Scrutiny Committee.
 - The action plan from Council Internal Audit report on Payment to care Providers (MB/919/RMEL).
 - The action plan for the External Audit Recommendations from the 2015/16 East Renfrewshire Annual Accounts.

RECOMMENDATION

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

BACKGROUND

3. The background to the reports relating to the two action plans has been reported at each Performance and Audit Committee, with separate update reports covering the Council Internal Audit report on Payments to Care Providers and the External Audit Recommendations from the 2015/16 East Renfrewshire Annual Accounts.
4. The discussion and challenge from these reports and in particular the June report, which set out revised timescales for Care Finance migration for Children's Services prompted the Performance & Audit Committee to request that a progress report was submitted to the East Renfrewshire Council Audit & Scrutiny Committee on financial developments within the HSCP.
5. The supporting Appendices are:

| | |
|------------|---|
| Appendix 1 | HSCP Developments Progress Report to East Renfrewshire Council Audit & Scrutiny Committee |
| Appendix 2 | The action plan from Council Internal Audit report on Payment to care Providers (MB/919/RMEL) |
| Appendix 3 | The action plan for the External Audit Recommendations from the 2015/16 East Renfrewshire Annual Accounts |

REPORT

6. The main developments since last reported are discussed below.

7. Staffing structure; a development day was held on 24 June as planned, where the focus was on our service improvement plan. Further sessions will be held and developments are ongoing.
8. Care Finance; members of the committee will recall the discussion from the last meeting where the revised deadline for migration of Children's services to 31 October was agreed. I am pleased to report that all data was migrated as at 9 September.
9. In addition to Children's services we have also migrated the addictions 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.
10. Internal Audit have commenced their review of progress against the action plan relating to on Payment to care Providers (MB/919/RMEL) (Appendix 2) and I am pleased to report of the 23 actions we can confirm 10 are now agreed as closed. Significant work has been done on the remaining 13 actions and the timing of Internal Audit review will determine status updates.
11. We will add the 2 new actions resulting from the external audit of the IJB accounts and the 3 new actions to from the trade payable section from Audit Scotland Key controls report for East Renfrewshire Council, once both reports have been through their respective committees.
12. For future reports we will drop off all actions which have been reported as closed.

CONCLUSIONS

13. The Performance & 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 actions are fully resolved.

RECOMMENDATIONS

14. The Performance and Audit committee is requested to note:
 - The progress report submitted to 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

0141 451 0746

28 September 2016

BACKGROUND PAPERS

15. East Renfrewshire Council Audit and Scrutiny Committee

KEY WORDS

Audit, recommendations, payment, providers

BLANK PAGE

EAST RENFREWSHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE29 September 2016Report by HSCP Chief Officer and Chief Financial OfficerHealth 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 addictions 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.

REPORT AUTHOR AND PERSON TO CONTACT

Lesley Bairden, Chief Financial Officer
Lesley.Bairden@eastrenfrewshire.gov.uk

0141 451 0746

29 September 2016

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

BLANK PAGE

APPENDIX 2 Audit Response - MB/919/RMEL - Report on Payments to Care Providers

APPENDIX 2

Progress to Date as at 16 September 2016

Response and Action Plan

| Ref. | Audit Recommendation | Recommendation Accepted – YES / NO | Action | Responsible officer | Date due for completion | Progress |
|-------|---|------------------------------------|---|---|-------------------------|---|
| 4.2.1 | Invoices should be issued for the remaining amounts to be recovered and all debts pursued in accordance with the council's debt recovery procedures as necessary. | Yes | There are 2 invoices outstanding which cannot be issued as we are waiting on responses from both organisations (£27,730 and £6,946). These are being actively pursued and invoices will be issued on confirmation of outstanding issues resolved. | HSCP Chief Financial Officer / Head of Strategy | 31 December 2015 | <p>The amount of £27,730 will not be invoiced for. The Council and Contractor are both satisfied that this service was provided and no rebate is due.</p> <p>A credit note has been confirmed for the amount of £6,946</p> <p>Action closed and agreed with Internal Audit</p> |
| 4.2.2 | 'P' numbers must be used to uniquely identify service users at all times, especially when carrying out reconciliations between different source records. | In Part | <p>P numbers will be associated with all clients within Care First and therefore also in Care Finance.</p> <p>Providers do not always quote P numbers on invoices so work will be needed to determine whether this can be included as a standard field.</p> | HSCP Chief Financial Officer / Head of Strategy | 31 March 2016 | Work is ongoing with providers to improve information on invoicing – however this can be dependent on company IT systems. |

| | | | | | | |
|-------|---|-----|---|------------------------------|---|---|
| | | | <p>As part of the invoice verification process each client commitment is checked to ensure approval is in place prior to authorisation, therefore identifies the P number.</p> <p>Invoice transactions on the ledger will be total payments to providers per invoice, not individual client transactions. The individual level information will be on Care Finance.</p> | | | <p>Our Care and Support Framework sets out the information we require included on invoices.</p> <p>P numbers are a mandatory field in Care First.</p> <p>All services must be uniquely identified to an individual in order to process payment</p> <p>Action closed and agreed with Internal Audit</p> |
| 4.3.1 | <p>The ledger must be a key component in any regular reconciliations 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.</p> | Yes | <p>Care Finance and ledger period close will be reconciled as part of the control process to be introduced. This will ensure the costs to date per the ledger are as expected, within agreed tolerance levels. The reconciliations will be signed off ensuring separation of duties. (also see 6.3.1).</p> | HSCP Chief Financial Officer | 31 March 2016 for development thereafter on-going | <p>Development Accountant has fully reconciled 2015/16 records. This is a full reconciliation to Care Finance records and all other ledger transactions.</p> <p>Procedure in place for 2016/17 for regular periodic reconciliations, including separation of duties.</p> |

| | | | | | | |
|-------|---|-----|--|-------------------------------|---|--|
| 4.3.2 | CHCP finance staff should be given training to ensure that they understand that the insertion of 'balancing figures' is incorrect and all differences however small should be shown in reconciliations | Yes | Training will be given on reconciliation principles and separation of duties will ensure supervisor / independent sign off | HSCP Finance Business Partner | 31 October 2015 | Reconciliation guidance and principles have been raised with the team. Detailed process notes will support 4.3.1 Action closed and agreed with Internal Audit |
| 4.4.1 | 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. | Yes | ILF practice will be reviewed given the national changes to the system. Reconciliations will be undertaken as part of new processes and procedures to be developed (see 6.3.1). | HSCP Chief Financial Officer | 31 March 2016 for development thereafter on-going | Work remains ongoing for corporate appointee clients (year to date for all 27 completed and ongoing for 2016/17, with 2015/16 to be completed retrospectively as agreed). This, along with the reconciliation processes at 4.3.1 will be used to ensure full reconciliations for all ILF accounts will be completed during 2016/17. |
| 4.4.2 | 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 4.4.1 above | HSCP Chief Financial Officer | 31 March 2016 for development thereafter on-going | Work ongoing as 4.4.1 above |

| | | | | | | |
|--------------|---|------------|--|-------------------------|----------------------|--|
| <p>4.5.1</p> | <p>A legally contractual basis for all services provided to service users should be established to minimise the risk of future contractual disputes</p> | <p>Yes</p> | <p>The HSCP, through the Council, has in place contracts with a number of providers under the National Care Home Contract, the Care at Home framework and the Care and Support framework for major areas of service.</p> <p>For the Learning Disability former scheduled payment providers, the Public Social Partnership which commenced in 2013 is the vehicle for reviewing and redesigning over 100 complex and high value care packages. To date 65 of these have been redesigned, with clear expressions of individual choice being agreed and the relevant Self Directed Support route being followed. The HSCP will migrate these individuals on to their preferred self-directed support option and associated contracts:</p> <ul style="list-style-type: none"> • Option 3 Care and Support Framework - 42 Individuals • Option 2 Individual Service Fund Agreement - 20 Individuals • Option 1 Direct Payment Agreement - 3 Individuals <p>Individuals whose service redesign is currently underway will agree their preferred choice and the relevant Self Directed Support contracts will be put in place - 24 Individuals</p> <p>Work with the remaining individuals to redesign and implement their preferred Self Directed Support option. - 36 Individuals</p> | <p>Head of Strategy</p> | <p>31 March 2016</p> | <p>For the Learning Disability former scheduled payment providers, the Public Social Partnership which commenced in 2013 was the vehicle for reviewing and redesigning 124 complex and high value care packages. All 124 of these have been redesigned, with clear expressions of individual choice being agreed and the relevant Self Directed Support route being followed.</p> <p>The HSCP has migrated these individuals on to their preferred self-directed support option and associated contracts: Option 3 Care and Support Framework - 106 Individuals Option 2 Individual Service Fund Agreement - 15 Individuals Option 1 Direct Payment Agreement - 3 Individuals</p> |
|--------------|---|------------|--|-------------------------|----------------------|--|

| | | | | | |
|--|--|--|---|--|--|
| | | | <p>The HSCP will undertake a systematic review of all remaining grants and other contract arrangements.</p> | | <p>A review of all grants and contractual arrangements has been undertaken. A new module for care finance "Commissioner" is now installed and presently undergoing testing, once operational will add further visibility to service delivery and contracts</p> <p>A tendering exercise for care at home services will conclude shortly. A new Care & Support Framework to replace the existing Framework Agreement is currently being drafted. This framework agreement will clearly highlight the responsibility of partner providers to notify changes to an individual's care & support needs. In addition it will be a condition of the framework that all partners submit accurate monthly and quarterly data</p> |
|--|--|--|---|--|--|

| | | | | | | |
|-------|--|-----|---|------------------|------------------|--|
| 4.5.2 | It should be made clear to all providers that an onus of responsibility rests with providers to identify and notify the council where a service users' care needs change or cease to be provided. | Yes | Providers will be reminded about relevant contractual obligations and operational arrangements for discussing changes to individual care arrangements. | Head of Strategy | 31 March 2016 | <p>All providers have been reminded about relevant contractual obligations and operational arrangements for discussing changes to individual care arrangements.</p> <p>In addition all LD providers now complete a 4 weekly record of service delivery showing the actual hours provided on an individual basis and take part quarterly financial monitoring meetings.</p> <p>A new module for care finance "Commissioner" is currently being installed and once operational will add further visibility to service delivery</p> |
| 4.6.1 | The council must at all times be able to demonstrate that it is receiving value for money for services paid for. Contracts or arrangements which require the council to block fund places whether they are used or not should be avoided, and if deemed essential, should be approved by the Integrated Joint Board of the newly formed HSCP, monitored on a regular basis and terminated if value for money cannot be | Yes | The HSCP continues to minimise the use of block contracts, however operational requirements must be considered. The Performance and Audit Committee of the IJB will oversee the HSCP approach to contracting/contract management, including evidencing best value. A report will be taken to the first meeting of the Performance and Audit Committee of the IJB. | Head of Strategy | 31 December 2015 | <p>Report was taken to Performance & Audit Committee on 18 December 2015.</p> <p>Action closed and agreed with Internal Audit.</p> |

| | demonstrated. | | | | | |
|-------|--|-----|---|-------------------------------|---|--|
| 5.2.1 | The spreadsheets currently being used for financial recording purposes are not fit for purpose and their use should cease as soon as possible. An alternative means of recording all relevant information needs to be identified and put into use, particularly for service users who are not yet fully operational on the Carefirst Finance system. | No | <p>The current process needs to remain in place during the transition to Care Finance. It is unrealistic to expect this to cease, without any alternative. It is equally unrealistic to expect an interim alternative to be developed.</p> <p>The current commitment information is not only required to inform the cost the cost projection for financial reporting but also provides the parallel running check for Care Finance.</p> <p>Spreadsheets will still be a significant tool and will be used for financial reporting. Care Finance will provide the source data, spreadsheets will be used to refine, manipulate and model this data. Excel is a fundamental tool for finance work and will be used on an appropriate and proportionate basis.</p> | HSCP Chief Financial Officer | 31 March 2016 for development – thereafter on-going | <p>N/A – however implementation of Care Finance is ongoing.</p> <p>Use of excel for reconciliations is addressed above.</p> <p>Wider use of excel will be quality checked through control totals, standard templates and supporting procedures.</p> <p>Any specific training needs will be identified in PRD and ongoing.</p> <p>Two team members are part of the Council excel champions group. Useful tips, learning and information is shared on a routine basis.</p> |
| 5.2.2 | In the interim period whilst the spreadsheets continue to be used these should be kept up to date and reconciled regularly with a supervisor evidencing checks on the reconciliations. | Yes | The function and purpose of regularly used spreadsheets will be identified and prioritised for reconciliation and control, with a phasing out of the remainder linked to the roll out of Care Finance. | HSCP Finance Business Partner | 31 March 2016 | Please see 5.2.1 above. |

| | | | | | | |
|-------|--|-----|---|--|---|---|
| 5.2.3 | All employees using spreadsheets should be provided with excel training where required to reduce over reliance on manual processes and improve efficiency. | Yes | It will be fundamental to the performance of the finance team that excel functionality is understood and fully utilised. | HSCP Finance Business Partner | 31 March 2016 | Please see 5.2.1 above. Action closed and agreed with Internal Audit. |
| 5.3.1 | More care needs to be taken by both CHCP and Finance staff to ensure that each service users' actual and committed costs are consistently coded to the correct cost centres and account codes. Proper regular budgetary control monitoring would assist in identifying incorrect postings. | Yes | <p>The client group and service type will be identified by the Service at the point a care package is agreed.</p> <p>Future Finance input into the resource allocation process will ensure coding is correct for the type of care. Protocols will be developed for clients who may cross cut different categories.</p> <p>Periodic review of client data, as an integral element of budget monitoring, will ensure each Service confirm the accuracy of the data and identify any required corrections. There will be an agreed protocol for changes to existing care packages.</p> | HSCP Chief Financial Officer / Head of Health & Community Care / Head of Children's Services & Criminal Justice Head | 31 March 2016 for development – thereafter on-going | <p>Data verification exercise undertaken as part of data migration to Care Finance.</p> <p>For 2016/17 the process, procedures, roles and responsibilities are being finalised for inclusion as an integral part of periodic monitoring.</p> <p>An issues log and gap analysis is also being undertaken and the Development Accountant will lead on finalising procedures to support reconciliation and financial governance.</p> |
| 5.4.1 | In accordance with financial regulations, payments must not be authorised until the officer has verified that the goods or services have actually been received. | Yes | For individual care arrangements payment will be authorised from the approval of the service agreement on the care finance system. Block payments are monitored on a quarterly basis. | Head of Strategy / Head of Health & Community Care / Head of | 31 March 2016 | Client Commitment reports has been developed as part of the regular reporting suite. Care Managers will |

| | | | | | | |
|-------|--|-----|--|--|---|---|
| | | | | Children's Services & Criminal Justice | | agree the content as part of routine monitoring. Block payments are discussed at regular meetings with Providers. |
| 5.4.2 | Consideration should be given to removing responsibility from finance staff for authorising payments | No | Given 5.4.1 above Finance should be able to access up to date information from Care Finance to appropriately verify and authorise payments. | HSCP Chief Financial Officer | 31 March 2016 | N/A Action closed and agreed with Internal Audit. |
| 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. Confirmation is needed that the Carefirst Finance system will be set up to require regular updates and that this will be monitored. | Yes | Please see 5.4.1 above | Head of Strategy / Head of Health & Community Care / Head of Children's Services & Criminal Justice Head | 31 March 2016 | As per 5.4.1 above Client Commitment reports has been developed as part of the regular reporting suite. Care Managers will agree the details as part of routine procedure. |
| 6.3.1 | A review of the type and quality of information provided to budget holders should be undertaken to ensure that they have ready access to their committed budgets and actual expenditure on a real-time basis. This could be facilitated by setting up business objects reports which extract data from the Carefirst Finance and financial ledger systems. | Yes | The future structure and operation of the finance team will ensure a detailed budget monitoring process which will include, for client related costs: <ul style="list-style-type: none"> ▪ Period shutdown and reconciliation process, to include quality control checks of data ▪ Client commitment detail reports to all service managers / team leaders to reflect budget responsibility and agree client data and cost projections | HSCP Chief Financial Officer | 31 March 2016 for development – thereafter on-going | Structure agreed and fully populated. Service transferred to HSCP 1/4/16. Reporting requirements and controls continue to be developed so that we can maximise the use of data beyond basic reporting. |

| | | | | | | |
|-------|--|-----|--|-------------------------------|------------------------------------|---|
| | | | <ul style="list-style-type: none"> ▪ Documented budget monitoring meetings and process ▪ Reconciliation of changes in projected costs | | | <p>The software developers OLM will assist in developing new reports as required.</p> <p>Action closed and agreed with Internal Audit.</p> |
| 6.3.2 | Regular budgetary control meetings should be held between finance and operational staff when comprehensive budget monitoring statements should be prepared and discussed showing commitments, budget, period to date actual and period to date budget for comparison and control purposes. | Yes | <p>As of period 5 monitoring (to August) meetings with all Heads of Service have taken place with the HSCP Finance Business Partner.</p> <p>This will be extended to Service Manger level in conjunction with delegated budgets.</p> <p>Work has commenced identifying gaps in existing service support and work is on-going to improve budget monitoring, to delegate budgets, the dissemination of information, improve relationships and communication with services.</p> <p>Finance will be the focus of an HSCP Leadership event scheduled for 21 October</p> | HSCP Finance Business Partner | 31 March 2016 for development work | <p>Ongoing</p> <p>Budget monitoring meetings continue every period with Heads of Service.</p> <p>Budget realignment initial work completed to support formal delegation of budgets within services.</p> <p>Monitoring meetings scheduled for 2016/17.</p> <p>CFO presentation to HSCP Leadership Group 21/10/15</p> <p>IJB Seminar on budget matters held on 13 January 2016.</p> |

| | | | | | | |
|-------|--|-----|--|------------------------------|---|---|
| | | | | | | Continued seminars, training etc. will be business as usual. Action closed and agreed with Internal Audit. |
| 6.4.1 | For all service users, regular meetings should be held between the relevant care and finance staff. These should be evidenced by way of minutes or meeting notes, and should clearly show that verification has been obtained of all care costs being paid in that period. | Yes | This applies to all care groups – please see 6.3.1 above | HSCP Chief Financial Officer | 31 March 2016 for development – thereafter on-going | New protocols have been developed for 2016/17. Finance Business Partner attending meetings with services providers and commissioning – this will be Senior Accountants moving forward. A regular operations / contracts / finance meeting has also been established. Agreed with operations that finance will be an explicit element of the resource allocation group. This will be addressed at monthly meetings and through a review of SDS. |

| | | | | | | |
|-------|--|---------|---|--|--|---|
| 6.5.1 | A named care worker must be allocated for each service user and this information shown in all care logs/ Carefirst Finance. Reports should be run on Carefirst Finance periodically to show that all service users have a valid named social worker. | In Part | The Care First and therefore by default the Care Finance system allows for cases to be unallocated for valid reasons. Periodic reports and review will be required by the Service to ensure the unallocated caseload is regularly reviewed, prioritised and allocated. | Head of Health & Community Care / Head of Children's Services & Criminal Justice | Reports and process developed by 31 March 2016 – thereafter on-going | Case allocation and case closure reports have been developed and are were issued on an ad-hoc basis. This will now be added as a scheduled report to be routinely distributed to services. Team managers regularly review caseload allocation. |
| 6.6.1 | Some narrative or figures should be provided to elected members to explain the relationship between the council and NHS budget reports and the consolidated budget report in future, particularly in relation to resource transfer amounts. | Yes | A budget reconciliation note is being developed for inclusion in future finance reports to the IJB. The style and content of the reports will be developed. This will incorporate accounting treatment for integrated resources as detailed in the LASAAC Guidance on Accounting for the Integration of Health and Social Care. | HSCP Chief Financial Officer and HSCP Finance Business Partner | 31 October 2015 for budget reconciliation – thereafter on-going | Completed – budget reconciliation and resource transfer allocations by care group now included in IJB financial report. Action closed and agreed with Internal Audit. |
| 6.6.2 | All reports presented to members should be checked for accuracy, particularly where these have been prepared by an officer who does not normally prepare these reports. | Yes | A procedure and control process will be documented. | HSCP Chief Financial Officer and HSCP Finance Business Partner | 31 October 2015 for procedure – thereafter on-going | Control totals built into process. Written note on consolidation process. Finance Business Partner and CFO review all submissions. Action closed and agreed with Internal Audit. |

| | | | | | | |
|-------|---|---------|--|--|--|---|
| 6.7.1 | The implementation of Carefirst Finance should be given higher priority until all the data has been input, checked and tested and the system is ready to go live. | In Part | <p>Whilst additional posts have been allocated to the Care Finance project through temporary recruitment and secondments, much of the development work relies upon existing Accountancy and CHCP staff who still have to perform their normal day to day duties.</p> <p>Consideration is being given to the need for a further increase in resources to support the implementation, along with an appropriate use of overtime and / or additional hours.</p> | Head of Accountancy / Chief Officer / HSCP Chief Financial Officer | 31 October 2015 to develop proposal for interim support. | <p>New structure now in place. Too early to assess on-going workload impacts. Will be regularly reviewed.</p> <p>Work is ongoing with creditors to streamline process. We are currently implementing EDRMS to support this.</p> |
|-------|---|---------|--|--|--|---|

Footnote: SDS Definitions:

The Act places a duty on local authorities to offer four options of self-directed support to citizens: The options for self-directed support are:-

- *Option 1* - The making of a direct payment by the local authority to the supported person for the provision of support.
- *Option 2* - The selection of support by the supported person, the making of arrangements for the provision of it by the local authority on behalf of the supported person and, where it is provided by someone other than the authority, the payment by the local authority of the relevant amount in respect of the cost of that provision.
- *Option 3* - The selection of support for the supported person by the local authority, the making of arrangements for the provision of it by the authority and, where it is provided by someone other than the authority, the payment by the authority of the relevant amount in respect of the cost of that provision.
- *Option 4* - The selection by the supported person of Option 1, 2 or 3 for each type of support and, where it is provided by someone other than the authority, the payment by the local authority of the relevant amount in respect of the cost of the support

BLANK PAGE

| | Issue | Management Action/response | Responsible Officer | Target Date | Progress as at 14 September 2016 |
|---|--|---|---|--|---|
| 1 | <p>CHCP Scheduled Payments. Weaknesses in controls over the existing CHCP scheduled payments system led to overpayments of £1.3 million over a number of financial years. The scheduled payments system should be discontinued.</p> | <p>At the start of 2015/16 scheduled payments were being made for 6 organisations. Of these 3 are now paid on invoice, 1 will be paid on invoice by October 2015 and the remaining 2 organisations will move to payment on invoice by the end of the financial year.</p> | <p>Candy Millard / Frank White</p> | <p>31-Mar-16</p> | <p>All schedule payments ceased by 31/03/16.</p> <p>All services are paid on the receipt of an invoice for services delivered.</p> |
| 2 | <p>CHCP provider contracts. The contractual terms could not be established with some providers of care and some contracts may not have been reviewed for over ten years. CHCP grants and payments to providers of care services should be reviewed to ensure appropriate contract terms exist that reflect the current procurement practices. These arrangements may reflect care provision on an individual basis within wider contract terms for each provider or arrangements where a provides a services which is not individual-based. However, the contractual basis should be clear with each provider.</p> | <p>The HSCP, through the Council, has in place contracts with a number of providers under the National Care Home Contract, the Care at Home framework and the Care and Support framework for major areas of service.</p> <p>For the Learning Disability former scheduled payment providers, the Public Social Partnership which commenced in 2013 is the vehicle for reviewing and redesigning over 100 complex and high value care packages. To date 65 of these have been redesigned, with clear expressions of individual choice being agreed and the relevant Self Directed Support route being followed. The HSCP will migrate these individuals on to their preferred self directed support option and associated contracts:</p> <p>Option 3 Care and Support Framework - 42 Individuals Option 2 Individual Service Fund Agreement - 20 Individuals Option 1 Direct Payment Agreement - 3 Individuals</p> <p>Individuals whose service redesign is currently underway will agree their preferred choice and the relevant Self Directed Support contracts will be put in place - 24 Individuals</p> <p>Work with the remaining individuals to redesign and implement their preferred Self Directed Support option. - 36 Individuals</p> <p>The HSCP will undertake a systematic review of all remaining grants and other contract arrangements.</p> | <p>Candy Millard Candy Millard Candy Millard Candy Millard / Frank White Candy Millard / Frank White Candy Millard</p> | <p>Complete 31-Oct-15 31-Oct-15 31-Dec-15 31-Mar-16 31-Mar-16</p> | <p>All 124 of these complex packages have been redesigned, with clear expressions of individual choice being agreed and the relevant Self Directed Support route being followed.</p> <p>The HSCP has migrated these individuals on to their preferred self-directed support option and associated contracts: :</p> <ul style="list-style-type: none"> • Option 3 Care and Support Framework – 106 Individuals – Individual Care Proposal Budget • Option 2 Individual Service Fund Agreement – 15 Individuals • Option 1 Direct Payment Agreement - 3 Individuals <p>Individual Care Proposal Budgets are updated as part of regular outcome reviews for each person.</p> <p>A review of all grants and contractual arrangements has been undertaken .. A new module for care finance “Commissioner” is now installed and presently undergoing testing, once operational will add further visibility to service delivery and contracts</p> |

| | | | | | |
|---|--|---|--|--|--|
| | | | | | A tendering exercise for care at home services will conclude shortly. A new Care & Support Framework to replace the existing Framework Agreement is currently being drafted. This framework agreement will clearly highlight the responsibility of partner providers to notify changes to an individual's care & support needs. In addition it will be a condition of the framework that all partners submit accurate monthly and quarterly data |
| 3 | <p>CHCP Systems. The existing systems and controls over CHCP budgeting and expenditure are fragmented, inconsistent and create poor audit trails. All CHCP records that lead to a payment for care, based on agreed care records, should be migrated to CareFinance.</p> | <p>All Community Care and Children & Families care and support packages will be migrated to CareFinance.</p> <p><u>Care Finance Workstream 1 - Data Migration</u></p> <ul style="list-style-type: none"> ➤ Permanent Care – complete ➤ OP & PD – complete ➤ LD – 48% complete ➤ MH – 26% complete ➤ C&F – commence October <p>➤ Home Care (CM2000 Integration) – linked to Care @Home project timescales</p> <p><u>Care Finance Workstream 2 - Payment Functionality</u></p> <ul style="list-style-type: none"> ➤ Invoice Matching – live running for Permanent Care ➤ Migration of non-residential payment commenced Aug 15 <p><u>Care Finance Workstream 3 – Support Tools</u></p> <ul style="list-style-type: none"> ➤ Residential Financial Assessments – commences Oct 15, target implementation Dec 15 ➤ CarePay – Fostering & Adoption, implementation commenced Aug 15 <p>The newly appointed Chief Financial Officer post for the HSCP will undertake a systematic review of wider processes and procedure and implement a Financial Governance Framework for the HSCP.</p> | <p>Lesley Bairden/ Candy Millard</p> <p>Lesley Bairden/ Candy Millard</p> <p>Lesley Bairden/ Candy Millard</p> <p>Lesley Bairden</p> | <p>Complete Complete 31-Oct-15 30-Nov-15 29 Feb-16</p> <p>31-Mar-16</p> <p>Complete 31-Mar-16</p> <p>31-Dec-15</p> <p>31-Dec-15</p> <p>31-Mar-16</p> | <p>Complete Complete Revised to October, Completed 9 September</p> <p>Complete</p> <p>Ongoing, 50 of 69 providers implemented</p> <p>Live since 5 July 2-16</p> <p>Live since 25 May 2016</p> <p>Financial Regulations approved and Service Improvement Plan being implemented</p> |

Footnote: SDS Definitions:

123

The Act places a duty on local authorities to offer four options of self-directed support to citizens: The options for self-directed support are:-

- *Option 1* - The making of a direct payment by the local authority to the supported person for the provision of support.
- *Option 2* - The selection of support by the supported person, the making of arrangements for the provision of it by the local authority on behalf of the supported person and, where it is provided by someone other than the authority, the payment by the local authority of the relevant amount in respect of the cost of that provision.
- *Option 3* - The selection of support for the supported person by the local authority, the making of arrangements for the provision of it by the authority and, where it is provided by someone other than the authority, the payment by the authority of the relevant amount in respect of the cost of that provision.
- *Option 4* - The selection by the supported person of Option 1, 2 or 3 for each type of support and, where it is provided by someone other than the authority, the payment by the local authority of the relevant amount in respect of the cost of the support

BLANK PAGE