

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 May 2015

BY: Depute Chief Executive – Resources and People Services

SUBJECT: Internal Audit Report – Frameworki Payments on Schedule

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Frameworki – Payments on Schedule.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan.

3 BACKGROUND

- 3.1 A review of Frameworki – Payments on Schedule was undertaken as part of the audit plan for 2014/15.
- 3.2 The main objective of the audit was to ensure that the internal controls in place in respect of Frameworki – Payments on Schedule were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 POLICY IMPLICATIONS

- 4.1 None

5 EQUALITIES IMPACT ASSESSMENT

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial - None

6.2 Personnel - None

6.3 Other - None

7 BACKGROUND PAPERS

7.1 None

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DATE	7 May 2015

EAST LOTHIAN COUNCIL – INTERNAL AUDIT FRAMEWORKi – PAYMENTS ON SCHEDULE

1. EXECUTIVE SUMMARY

1.1 Introduction

As part of the Audit Plan for 2014/15 a review was undertaken of Frameworki – Payments on Schedule. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- All payments to providers are supported by a remittance advice detailing clients' names, the payment period, the weekly rate, the total payment cost and the client contribution.
- Payments for older people receiving residential nursing care are being made at the nationally agreed rates.
- Arrangements are in place to ensure that all providers sign and return their remittance advice notes to confirm that payment details in respect of individual clients are correct – where providers fail to return the remittance advice notes, payments are suspended and no further payments are made.
- Where providers identify information on the remittance advice notes that require changes, all corrections are properly made on a subsequent payment run.

1.3 Areas with Scope for Improvement

- No formal documentation is in place confirming the providers' agreement to the Council making Payments on Schedule. *Risk – failure to clearly outline the responsibilities of providers.*
- Frameworki provides an audit trail of the officers who initiate and certify individual client payments, however we found that detailed checks to confirm accuracy and completeness are not undertaken by officers certifying the payments. *Risk – errors and irregularities may occur and remain undetected.*
- In two cases there was a failure by the provider to properly review the details on the remittance advice and identify clients who were no longer in receipt of a service – in one case the provider continued to receive payments in respect of a deceased client for a nine month period prior to highlighting the change to the Council. *Risk – overpayments may occur.*
- The arrangements in place for monitoring ongoing disputes relating to client contributions require review. *Risk – failure to recover all sums due to the Council.*
- For non-standard residential care there was a lack of evidence on file to support the individual placement rates that had been agreed with the care home. *Risk – overpayments may occur.*

1.4 Summary

Our review of Frameworki – Payments on Schedule identified a number of areas with scope for improvement. Detailed findings and recommendations are contained in our main audit report.

Mala Garden
Internal Audit Manager

May 2015

**EAST LoTHIAN COUNCIL – INTERNAL AUDIT
FRAMEWORKi – PAYMENTS ON SCHEDULE**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.2.1	<p>Management should ensure that formal agreements are in place with all providers receiving Payments on Schedule.</p> <p>The agreements should clearly set out the responsibilities of both the Council and the provider.</p>	Medium	<p>Service Manager – Operations</p> <p>(responsibility will transfer to Service Manager – Resources)</p>	Agreed		September 2015
3.3.2	<p>Management should ensure that appropriate accuracy and completeness checks are undertaken by officers certifying individual client payments.</p>	Medium	<p>Service Manager – Operations</p> <p>(responsibility will transfer to Service Manager – Resources)</p>	Agreed		June 2015
3.4.1	<p>Where providers fail to properly check the details on the remittance advice and inform the Council of relevant changes, Management should consider withdrawing the Payment on Schedule option from these providers.</p>	Medium	<p>Service Manager – Operations</p> <p>(responsibility will transfer to Service Manager – Resources)</p>	Agreed		June 2015

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.5.2	Management should ensure that appropriate evidence is held on file to confirm the agreed rates for non-standard residential placements.	Medium	Service Manager – Operations (responsibility will transfer to Service Manager – Resources)	Agreed		September 2015
3.6.1	Management should monitor ongoing disputes relating to client contributions to ensure that appropriate action is taken to recover all amounts promptly, once the dispute has been resolved.	Medium	Service Manager – Operations (responsibility will transfer to Service Manager – Resources)	Agreed		June 2015

Grading of Recommendations

In order to assist Management in using our reports, we categorise our recommendations according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.