

Final Internal Audit Report

Provider Payments - Timeliness

November 2024

Distribution: Corporate Director of Adult Social Care & Health
Operations Director of Adult Social Care & Health
Head of Business and Service Compliance
Finance Manager (Adult Social Care)
Corporate Director of Resources and S151 Officer
Finance Director and Deputy S151 Officer

Assurance Level	Issues Identified	
Limited Assurance	Priority 1	1
	Priority 2	1
	Priority 3	1

Confidentiality and Disclosure Clause

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

Contents
Page**Executive Summary**

1. Introduction	3
2. Key Issues	4

Detailed Report

3. Actions and Key Findings/Rationale	5
4. Priority 3 issue	13

Appendices

1. Terms of Reference
2. Definitions for Audit Opinions and Identified Issues
3. Statement of Responsibility

1. Introduction

- 1.1. The Care Act 2014 sets out a legal duty for an adult's 'eligible needs' to be met by the local authority, subject to their financial circumstances. Croydon Council's (the Council) Adult Social Care & Health Strategy 2021 to 2025 (last updated in November 2022) aims to safeguard adults at the risk of abuse or neglect, support resident who have care and support needs, etc. It further states that, *"the Council will have a 'Cost of Care Policy' which will support the Adult Social Care Strategy and provide a quality and sustainable provider care market within Croydon. Each year the Council will set out what it will pay as a minimum amount for care to providers to ensure a sustainable market that provides excellent care, provides activities and care that is person centric and has staff development/retention as a key area."*
- 1.2. The Council's Payments team makes cyclical payments to Adult Social Care (ASC) service providers in respect of residential and nursing care clients, as well as domiciliary and day care payments. Payments are made to service providers using the LiquidLogic Adult Social Care System Software (LAS) using the ContrOCC tool (which is used by the Council and multiple local authorities as a tool for managing social care finance contracts, payments, assessments, and billing).
- 1.3. The Payments team are notified of the payments to be made to service providers through the interface between LAS and the ContrOCC Provider Portal. Additional care plans with an existing service provider are added to the client's account on LAS by a social worker with details of the agreed care package and weekly cost.
- 1.4. Payment runs are sent to the ICT Central Systems Development team for final processing and to the SWIFT Payment team inbox for information. Payments are approved by the authorised staff per the Scheme of Financial Delegation (SOD).
- 1.5. Between September 2021 and December 2022, a total of £178,536,605 was paid to service providers delivering ASC across 12 different services.
- 1.6. While our review and testing were performed remotely, we have been able to obtain all relevant documents required to complete the review.
- 1.7. This audit was undertaken as part of the agreed Internal Audit Plan for 2023/24. The objectives, approach, and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

2.1 The key issues identified are as below:

Priority 1 Issue

Examination of 34 sample provider payments found eight cases of delays in approving the payment packages and six cases of the initial payments being made prior to these being approved. **(Issue 1)**

Priority 2 Issue

The Council has not defined timeframes for payment to service providers within its Standard Operating Procedures (SOPs). **(Issue 2)**

Priority 3 issue is included under item 4 below.

2. Actions and Key Findings/Rationale

Control Area 3. Legislative, Organisational and Management Requirements

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 1
1	<ul style="list-style-type: none"> A weekly tray review report is issued to all Heads of Services and team managers which shows tasks that are outstanding and these are shown as priority levels for staff to focus on to ensure timely payments. A review of the hospital discharge process has been carried out and new process implemented to ensure service provisions go on in timely manner. New power BI report under development for hospital discharges to focus on outstanding service provision issues and other key performance indicators 	<p>Expected Control</p> <p>All support plans are appropriately approved prior to payments being made to providers. Where emergency placements need to be made, the new / revised support plan is reviewed and approved as a matter of urgency.</p> <p>The Council reviews and monitors the timeliness of approving support plans and initiating payments to service providers and identifies delays in approvals/ early payments to service providers. Such cases are discussed within the team and escalated where required to determine the reasonableness of timelines.</p> <p>The Council defines a process with shorter timeframes for urgent and emergency cases where payments are made to service providers after the required approvals.</p> <p>Finding/Issue</p> <p>Review of screenshots from LiquidLogic and ContrOCC systems and the Provider Activity Report (report of placements made by Adult Social Care team) for a sample of 34 (of 3,805 provider payments) between September 2022 to September 2023 found that:</p> <ul style="list-style-type: none"> In eight cases payments for care packages to the providers were approved with a delay ranging from one to seven months after the service users started receiving the required support per the support plan. The Head of Adult Placement &

	<ul style="list-style-type: none"> Regular standing agenda item at Performance Board to focus on performance. 	<p>Brokerage & Market Management explained that in these cases support had to be initiated promptly due to emergencies. Notwithstanding, the required approval should have been obtained as soon as possible after the new / revised support plans came into place; and</p> <ul style="list-style-type: none"> In six cases the first payments were made to service providers before (with the pre-payment ranging from one to six months and four years in one such case) the placements and providers were approved within LiquidLogic and ContrOCC. As advised by the Head of Business and Service Compliance, for urgent care cases, the payments may get started while the support plans and providers go through the approval process. Notwithstanding the required approval should have been obtained as soon as possible after the new / revised support plans came into place. <p>As advised by the Business Systems Data Officer and Head of Business and Service Compliance, these cases were due to retrospective addition of care packages to ContrOCC. The payment run may not happen for a few weeks depending on when the payment date was entered in ContrOCC.</p> <p>Furthermore, the Council did not review/ monitor the timeliness of approving support plans and initiating payments to service providers and did not identify and implement mitigating actions against delays in approvals/ early payments to service providers.</p>
Responsible Officer	Deadline	
Operations Director of Adult Social Care & Health / Head of Business and Service Compliance	June 2024	<p>Risk</p> <p>There is a risk that payments are late to care providers and a risk of inadequate care and needs provided to service user which may have financial and reputational impact on the Council and have a safeguarding impact on the service user.</p>

Control Area 1. Legislative, Organisational and Management Requirements

Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 2				
2	Review of the existing SOP and identify the required timescales and then monitor in line with weekly tray report	<p>Expected Control</p> <p>The Council has SOPs which clearly define timeframes after considering urgent cases for approvals of support plans and providers and starting provider payments.</p> <p>Finding/Issue</p> <p>The Council has documented SOPs capturing the process of developing support plans for service users and payment to service providers through LiquidLogic and ContrOCC. Examination of the SOPs found that overall timeframes for payment to service providers were not defined. Furthermore, target timescales for the following processes before making payments to service providers were also not defined:</p> <ul style="list-style-type: none"> • Developing a support plan; • Approval of support plan to update it on Liquid Logic • Budget approval of service provision • Approval of payments to service providers; and • Payment processing through Oracle (the Council’s finance system). <p>Risk</p> <p>Where the turnaround times on payments to the service providers are not explicitly defined, there is a risk that the Council fails to process payments on a timely basis due to inconsistencies within the process, leading to service users not receiving proper support.</p>				
	<table border="1"> <thead> <tr> <th>Responsible Officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Operations Director of Adult Social Care and Health / Head of Adult Placement, Brokerage and Market Management</td> <td>June 2024</td> </tr> </tbody> </table>	Responsible Officer	Deadline	Operations Director of Adult Social Care and Health / Head of Adult Placement, Brokerage and Market Management	June 2024	
Responsible Officer	Deadline					
Operations Director of Adult Social Care and Health / Head of Adult Placement, Brokerage and Market Management	June 2024					

4. Priority 3 Issues

Control Area 1: Legislative, Organisational and Management Requirements

Agreed action	Findings
<p><u>Action proposed by management:</u></p> <p>This work is currently ongoing to review all of the SOPs held on Tri X in regard to this area. All documents will have version control added as required.</p> <p>Work as advised above still ongoing but nearing completion – target for completion June 24</p> <p><u>Responsible Officer:</u></p> <p>Head of Business and Service Compliance</p> <p><u>Deadline:</u></p> <p>June 2024</p>	<p>Expected Control</p> <p>The SOPs within Adult Social Care & Health have version control.</p> <p>Issue/Finding</p> <p>Review of the SOPs within the Adult Social Care & Health team found that these did not have version control.</p> <p>Risk</p> <p>Without version control, there is a risk of an outdated version being referred to and there is a lack of evidence of periodic review.</p>

TERMS OF REFERENCE

Provider Payments - Timeliness

1 INTRODUCTION

- 1.1 The Care Act 2014 sets out a legal duty for an adult's 'eligible needs' to be met by the local authority, subject to their financial circumstances. The Council's Adult Social Care & Health Strategy 2021 to 2025 (updated in November 2022) aims to safeguard adults at the risk of abuse or neglect, support resident who have care and support needs, etc. It further states that "the Council will have a 'Cost of Care Policy' which will support the Adult Social Care Strategy and provide a quality and sustainable provider care market within Croydon. Each year the Council will set out what it will pay as a minimum amount for care to providers to ensure a sustainable market that provides excellent care, provides activities and care that is person centric and has staff development/retention as a key area."
- 1.2 Croydon Council's (Council) Payments team makes cyclical payments to Adult Social Care (ASC) service providers in respect of residential and nursing care clients, as well as domiciliary and day care payments. Payments are made to service providers using LiquidLogic Adult Social Care System Software (LAS) using the ContrOCC system which is used by the Council and multiple local authorities as a tool for managing social care finance contracts, payments, assessments, and billing.
- 1.3 Between September 2021 and December 2022, a total of £178,536,605 was paid to service providers delivering ASC across 12 different services.
- 1.1 This audit is part of the agreed Internal Audit Plan for 2023/24.

2 OBJECTIVES AND METHOD

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit will for each controls / process being considered:
- Walkthrough the processes to consider the key controls;
 - Conduct sample testing of the identified key controls, and
 - Report on these accordingly.

3. SCOPE





3.1 This audit, focused on the timeliness of the provider payments and was undertaken as part of the 2023/24 Internal Audit Plan. The specific scope included the following areas and recommendations:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational & Management Requirements;	0	1	1
Notification of Placements or changes in placement circumstances;	0	0	0
Payments to Service Providers	1	0	0
Total	1	1	1

Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Statement of Responsibility

We take responsibility to London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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