

Final Internal Audit Report

Community Equipment Service (Wheelchair Service)

January 2020

Distribution: Executive Director of Resources and Monitoring Officer (Final report only)
Director of Commissioning and Procurement
Head of Service for the Community Equipment Service

Assurance Level	Identified Issues	
Limited Assurance	Priority 1	1
	Priority 2	2
	Priority 3	0

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of London Borough of Croydon and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, re-interpretation, amendment and/or modification by any third party is entirely at their own risk.

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.....	2
2. Key Issues.....	2

Detailed Report

3. Actions And Key Findings/Rationale	3
---	---

Appendices

1. Terms Of Reference
2. Definitions For Audit Opinions And Issues
3. Statement Of Responsibility

Executive Summary

1. Introduction

- 1.1 The Community Equipment Service (CES) provides wheelchairs and community equipment along with an associated repair service to the residents of Croydon.
- 1.2 The wheelchair service transferred over to the London Borough of Croydon (LBC) in August 2018, a joint decision between NHS Croydon Clinical Commissioning Group (CCG) and the Croydon NHS Trust, therefore the LBC is now the sole public sector provider of wheelchairs to Croydon residents.
- 1.3 Although the provider of the wheelchair service has changed it remains an NHS service and all wheelchairs, fittings and repairs are supplied free of charge to patients who require a specialist wheelchair.
- 1.4 Although CES does provide other medical equipment, this audit focused on the wheelchair service.

2. Key Issues

Priority 1 Issues

The follow up of the recommendations raised in the 2017 ad hoc report identified that the recommendation relating to the BACs files being open to amendment had still not been implemented, meaning that any of the BACs payments during the last 2 years may have been manipulated. As about £1m of payments is made per month, this is a significant issue. **(Issue 1)**

Priority 2 Issues

The wheelchair waiting list was 803 in October 2018 and, although the improvement plan in place since November / December 2018 has decreased this to 712 in September 2019, further work is still needed to clear the backlog. **(Issue 2)**

The turnaround time for wheelchair repairs exceeded the target timescales for 7 of the 15 repairs sampled. **(Issue 3)**

3. Action and Key Findings/ Rationale

Control Area 1: Follow up on Prior Audit (Croydon Equipment Solutions)		
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 1
1	<p>Steps had previously been taken for the necessary controls to be implemented, unfortunately the Sage pay solution identified was not compatible with our Sage accounting system.</p> <p>The implementation was now due to happen after the upgrade of the Sage accounting system in December 2019.</p> <p>Following from the recent audit the audit manager has highlighted the fact that the Council has a payment solution currently used for schools that should be suitable.</p> <p>We have agreed to liaise with the head of treasury and try to implement this solution as soon as possible.</p>	<p>Croydon Care Solutions (CCS) was formerly a wholly owned Local Authority Trading Company but was brought back in house at the end of 2016. Although now part of the Council, it still operates its own separate financial systems and pays its suppliers direct using BACs. An ad hoc audit conducted in 2017 identified and reported that the CCS BACs files could be amended before being uploaded into Bankline, a significant control failure.</p> <p>The follow up of the recommendations raised in the 2017 ad hoc report identified that the recommendation relating to the amendments of BACs files has still not been implemented despite assurances from the CCS Head of Service on 1 March 2018 that, <i>‘Basically we have explored all the software options and now have the software solution and we are going through the implementation phase with testing over the next few months.’</i></p> <p>This means that any of the BACs payments during the last 2 years may have been manipulated. As about £1m of payments is made per month, this is a very significant issue.</p> <p>The Head of Service explained that a secure BACS file can be created by implementing Sage Pay; however, Sage Pay is not compatible with the version of Sage in place. Therefore, it is planned that an upgrade to Sage 200 Professional be completed by 1 November 2019, with Sage Pay being subsequently implemented. A copy of the purchase order to CPiO for this upgrade, dated 14 August 2019, was provided.</p>

		Where BACS files can be edited before being uploaded to Bankline, there is a high risk that potential fraud could occur and go unnoticed for 2 – 3 weeks prior to suppliers triggering multiple enquiries of non-payment.
Responsible officer	Deadline	
Head of Service	28/02/2020	

<u>Control Area 3: Requests and Waiting Lists</u>		
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 2
2	<p>It is worth noting that the service was taken by the Council after years of failure with a 3 years waiting list.</p> <p>Within the last 12 months we have:</p> <ul style="list-style-type: none"> - Agreed a 2 years turnaround plan with the CCG - Made key progress on the improvement plan, resulting in reducing the historical waiting list by 86%, from 803 to 110. <p>Recruitment and process changes have been carried out and we are confident that once all of the changes are embedded, we will be able to bring the service to a standard required for the benefits of Croydon residents.</p>	<p>The ‘Collaborative Working Agreement relating to the establishment of Jointly Commissioned Wheelchair Services’ between the Council and the Croydon CCG includes timescales, depending on a priority of 1, 2 or 3 for:</p> <ul style="list-style-type: none"> • making contact with the client from acceptance of referral; • completion of assessment from acceptance of referral; and • delivery/handover of wheelchair from assessment for adults. <p>These are in line with the 2009 Health Care Standards for Wheelchair Services.</p> <p>Discussion with the Head of Service established that the wheelchair service was taken on by the Council on 1 October 2018, at which point a large waiting list was inherited that dated back to 2016. An improvement plan was subsequently drawn up to help reduce the waiting times, which included 29 different actions.</p> <p>Examination of the improvement plan established that:</p> <ul style="list-style-type: none"> • This was a working document, with the first 24 issues and actions being initially added in November and December 2018 and the remaining 5 being added in June 2019. • 14 of the actions were complete, with actions on the remaining 15 being ‘live’. However, 11 of the ‘live’ actions had exceeded the target completion dates. <p>The ‘Croydon Wheelchair Service update’ dated September 2019, detailed that the backlog had reduced from 803 in October 2018 to 712 in September 2019 and also provided a breakdown of the waiting list and detailed that (as at September 2019):</p> <ul style="list-style-type: none"> - 51 cases related to 2017; - 191 cases related to 2018; and

		<p>- 470 cases related to 2019.</p> <p>It is acknowledged, as detailed in the 'WCS Quarterly Meeting Action Log', that any children on the waiting list have been prioritised first (with a view to reducing the longest a child is on the waiting list to 4 months (18 weeks)), with a 2 year plan agreed to tackle the overall backlog'.</p>
Responsible officer	Deadline	
Head of Service	March 2021	<p>Where wheelchair requests are not processed in a timely manner, there is an increased risk of an adverse impact on the recipients of these wheelchairs.</p>

<u>Control Area 5: Repair of Wheelchairs</u>						
Priority	Action Proposed by Management	Detailed Finding/Rationale – Issue 3				
2	<p>It is worth noting that the 3 working days and 24 hours delivery target are self-imposed target.</p> <p>The CCG recognised that given the performance of the service at the time of the Council taking it over, target regarding the repairs service will only be applicable once the backlog has been cleared.</p> <p>The service has however made great progress in ensuring that repairs are being dealt with as soon as possible.</p> <p>As previously mentioned, this item is part of the 2 years turnaround plan and we are confident that the new processes put in place will allow us to meet our self- imposed target ahead of the 2 years deadline.</p>	<p>The wheelchair service is also responsible for the procurement, management, collection, recycling, and repair of all wheelchairs and accessories. This includes a modification and maintenance service to patients' wheelchairs, and providing an appropriate replacement wheelchair during any repair period. The established timeframe by the wheelchair service for non-emergency repairs is 3 weekdays and for emergency repairs within 24 hours.</p> <p>Examination of the turnaround time for a sample of 15 wheelchair repairs completed in September 2019 found that 7 of these were not repaired within the required timescales (as follows: A (emergency repair) – 158 days; B – 79 days; C – 42 days; D – 6 days; E- 11 days; F - 4 days; and G – 6 days). It was explained that the backlog taken on in August 2018, was still not cleared and was impacting on these repairs.</p> <p>When wheelchair repairs are not completed on time, there is a risk that patient mobility and satisfaction decrease as patients will be using replacement wheelchairs.</p>				
	<table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Head of Service</td> <td>March 2021</td> </tr> </tbody> </table>	Responsible officer	Deadline	Head of Service	March 2021	
Responsible officer	Deadline					
Head of Service	March 2021					

TERMS OF REFERENCE

Community Equipment Service

1. INTRODUCTION

- 1.1 Community Equipment Service (CES) is a Croydon based facility helping Croydon residents, providing wheelchairs and community equipment to the residents of Croydon and 24-hour repairs to residents' homes for wheelchairs and community equipment.
- 1.2 The Wheelchair Service has transferred over to London Borough of Croydon (LBC), a joint decision between NHS Croydon Clinical Commissioning Group (CCG) and the Trust, therefore the LBC is now the sole provider of wheelchairs to Croydon residents. The Council is also responsible for wheelchair care and maintenance.
- 1.3 Although the provider of the wheelchair service has changed it remains an NHS service and all wheelchairs, fittings and repairs are supplied free of charge to patients who require a specialist wheelchair.
- 1.4 This audit is being conducted as part of the agreed Internal Audit Plan for 2019-20.

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 included the following areas:

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Follow up of Prior Audit (Croydon Equipment Solutions)	1	0	0
Organisational, Management and Legislative Requirements	0	0	0
Requests and Waiting Lists	0	1	0
Supply of Wheelchairs	0	0	0
Repair of Wheelchairs	0	1	0





Community Equipment Service – Wheelchair Service 2019-20

Recycling of Wheelchairs	0	0	0
Basis of costing and recovery from NHS	0	0	0
Performance Management	0	0	0
TOTAL	1	2	0

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 consistently 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 which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

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

Priority 1 (High)	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that represent an exposure to risk and require timely action.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

STATEMENT OF RESPONSIBILITY

We take responsibility to the 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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

Registered office: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom.
Registered in England and Wales No 0C308299.