

## Appendix 2

# Final Internal Audit Report

## ADULT SOCIAL CARE PROVIDER PAYMENTS

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**To:** Darren Carter - Director of Finance  
Jackie Yates - Deputy Chief Executive  
Seona Douglas - Executive Director of Social Care and Health  
Melissa Wise - Deputy Director of Commissioning and Transformation

**From:** Kirsty Hancock - Senior Auditor

**Date:** 13<sup>th</sup> January 2022

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No Assurance

### EXECUTIVE SUMMARY

#### 1. BACKGROUND

- 1.1 Mosaic is the Council's workflow-based case management system used to record and process social care data. Service users assessed needs and services are recorded, together with cost, and authorised on Mosaic. Once a provider has been agreed to deliver the service, a purchase order is generated and invoices (where appropriate) matched against this. This then assists in the subsequent payment process. An audit of Mosaic payments conducted as part of the 2020/21 audit plan received limited assurance.

#### 2. OBJECTIVES & SCOPE OF THE AUDIT

- 2.1 The Director of Finance requested Audit to review a large payment made to a specific care provider to identify what happened. The review focused on the following areas:
- Review of the specific payment in question, including any inflationary uplifts process, checks conducted (including between input and authorisation), matching of invoices, supporting documentation for payment and authorisation of payment.
  - Review of advance payments made to care providers relating to Covid more generally including reconciliation conducted between what had been paid and what was due in terms of services delivered and resulting action planned/taken.
  - Review of payments on hold/unauthorised and unprocessed invoices and remittance advice.
  - Accuracy of information held on Mosaic.
- 2.2 This audit (and report) was undertaken in accordance with the Public Sector Internal Audit Standards ([PSIAS](#)).

### 3. CONCLUSIONS

3.1 A summary of key findings in relation to the specific significant payment of £1,194,358.33 to an adult social care provider were:

- There was often conflicting records, explanations and information surrounding how the overpayment arose to clearly support what had occurred in relation to the payment.
- Whilst it is understood that this occurred at a time when services were under a significant amount of pressure due to Covid, numerous opportunities were missed to stop this payment.
- Due to the rate inputted in Mosaic for a week being the total owed to the provider over the period of backdating, rather than a 2% increase, some significant payments for service users were generated, ranging from c£36k to c£245k, and generated a total payment of £1,194,538.33 to the provider. The value of the overpayment was approximately £1m; however, the Director of Finance has since given assurance that all monies have now been recovered and there has been no financial loss to the Council.
- At the time, there was no documented end-to-end process for inflationary uplifts and a lack of a common understanding of roles and responsibilities and ownership of each step of the process and who could action requests for inflationary uplifts and the appropriate contact for them.
- No evidence has been specifically found that the inflation increases for out of borough placements were agreed by DACHS DMT in April 2020 and there was a lack of supporting approval documentation and consistent, accurate information provided as part of the request to action the uplifts.
- No internal process could be found to identify that inflationary uplifts had not been actioned, and this issue only came to light in May 2021 when flagged by the provider. Uplifts were then actioned by Business Support based on a communication from the provider. No evidence was found that this had been specifically agreed by DACHS DMT. Not only could this be open to misinterpretation, but also the total amount owed for period was incorrectly used as weekly rate instead.
- Rates are uplifted on Mosaic via a tool that has limited access, however there is no adequate control / workflow process around it, and hence is not subject to independent review to check for accuracy on inputted information and changes to this are made manually and therefore subject to error (and potentially fraud). In addition, amendments are unable to be reviewed in real time, so issues can take several days to identify and then several days to correct.
- Whilst separate authorisation of the payment is required in Mosaic, there is no automatic notification of the requirement to authorise a payment and no details of the payment are provided unless these have been included in the free text box, so without additional and separate verification, approval is based to a degree on an assumption of accuracy/trust.

- The validity / accuracy of the payment was flagged or queried five separate times (by the Executive Director of Social Care & Health, the AP/Acting AP and AR Manager, the DACHS Finance Business Partner and the Chief Accountant) prior to payment; however, it appears that Commissioning had confirmed that the rate was correct. No reasonableness check appears to have been carried out to see whether the amounts were indeed within the magnitude of what would be expected and there was a lack of escalation of the issue.
- Payment was made and only brought to RBC's attention that it was a large overpayment by the provider. If this had not occurred, we may still not have been aware of this.
- All uplifts relating to this payment bar one has since been corrected.

### 3.2 Key findings in relation to the inflationary uplifts process were:

- There is a lack of documented policies and procedures for the end-to-end process and associated lack of understanding of roles and responsibilities in the inflationary uplift process, particularly between commissioning and DACHS Business Support.
- The process on Mosaic to input rate changes is via the Mosaic admin tool; it is not work flowed, not subject to review/authorisation and changes are not made in real time so that errors are difficult to identify and in a timely manner. This also results in a lack of a clear audit trail making it difficult to identify the process that has been followed, and importantly identifying actions and decisions made and taken.
- For the current workflow, once rates are input into Mosaic, there is no review/check of information other than relying on those detailed in the out of date scheme of delegation depending on the value of the payment generated. No automatic email/notification is received to inform the relevant officer/section that there is an adjustment etc. that needs review and no supporting paperwork/information is provided with the request to evidence what is being asked to be approved. Apart from enquiry as to the makeup of the request, this is simply accepted, with consequent increased risks of incorrect payments and fraud to occur.
- The DMT approval of percentage uplifts was not always clearly recorded or evidenced when uplifts were requested. Indeed, some uplifts had been actioned following a provider request in some instances.
- Information provided to action uplifts was not subject to proper or sufficient review/authorisation to ensure accuracy and was not always in a clear format and hence was open to interpretation/misinterpretation.
- Legacy AP email inboxes remain active but unmonitored and some providers were subsequently not receiving responses to communications sent to them or signposted to correct inboxes.
- Despite the size of the resultant payment being flagged by several Finance Officers, a reasonableness check was not adequately undertaken to sufficiently determine whether the magnitude of the payments was in line with normal expectations nor was the issue escalated. Were it not for the provider flagging the overpayment(s) this could have had a significantly different outcome for the Council.

### 3.3 Key findings in relation to advance payments to care providers were:

- There is still a significant balance on the prepayments made to providers, although this may well change once payment/invoice issues have been resolved. Significant work has been and is continuing to be carried out by Officers to resolve this.
- There was an initial lack of clear communication with providers regarding the need for them to continue to invoice for services provided during the period covered by the prepayment although this was clarified in subsequent communications.
- Significant payment and remittance advice control weakness issues have added to the confusion with providers, with a lack of clarity as to what payments received relate to.
- Whilst there is ongoing contact with providers, responses from some are still awaited.
- The payment reconciliation process for some providers has been prioritised for resolution; it is noted that it is often more difficult and time consuming to resolve providers with large balances remaining on the prepayment as these are more complex to reconcile and agree.

### 3.4 Key findings in relation to invoicing issues were:

- AP had a backlog of invoices with amounted to being about two weeks behind as at the end of September.
- Approximately £2.3m and just over 1,000 invoices were on hold/rejected at the end of September.
- There had been a loss of regular, systemised communication between AP and PBST in relation to mismatched and rejected invoices/invoice queries.
- Capacity/workload and staffing issues in AP had contributed to being unable to keep on top of issues, including communications with providers, which has also impacted on other teams.
- Issues identified in relation to rejected invoices were split between issues relating to the providers and RBC. Common issues included differing invoice and commitment amounts or no commitment on Mosaic, issues around the suspension and unsuspension of services and incorrect workflows.
- Some issues had arisen due to no or incorrect actions by social workers on Mosaic.
- Turnover of social workers and lack of appropriate training/support and documented policies and procedures for new starters when working remotely.
- Failure of the system to automatically generate remittance advices to suppliers for scheduled payments (which currently can only be generated manually).

3.5 Key findings in relation to data quality were:

- Data quality is not currently being adequately monitored/audited although the service is looking to action improvements, including considering appropriate recording of information in Mosaic.
- It is difficult to obtain an overall view of this, however, as there is a lack of formal senior management oversight and review as well as a lack of appropriate management reports being available.
- No scheme of delegation has been seen or provided to Internal Audit for DACHS. It is understood that the only one in existence is out of date.
- There is a weekly dashboard produced which includes details of APT and reviews started, completed and open, and these are received by managers but are not being consistently reviewed/actioned.
- There is no performance framework in place, including around APTs and reviews, that defines good performance and what performance should be measured against. Consequently, the directorate cannot accurately know or manage its performance framework with certainty.
- Although the Performance Board is charged with oversight of quality, its purpose and function have changed, and it does not have an up to date Terms of Reference or a cycle of key agenda items.
- There are ongoing issues accessing and amending records on Mosaic and a general lack of clarity of knowledge as to what information is available via reports.

3.6 More detailed findings in relation to the payment can be found in section 4.1. Detailed findings for the other areas can be found in the appendix at the end of the report.

3.7 Throughout the audit, officers generally have been helpful, and this cooperation has been welcome. However, due to the multiplicity of the records involved and the generally poor audit trails (including within Mosaic), as well as the need to speak to multiple officers during the course of the audit, it has not always been possible for Internal Audit to independently and separately verify records and accounts provided to us.

3.8 A total of 18 recommendations have been made in respect of this review, of which 7 are considered high priority. The recommendations and corresponding management action plan are attached below.

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<b>INFLATIONARY INCREASES FOR ASC PROVIDERS</b>					
1	<p>There needs to be a full set of documented processes that address all control weaknesses which are reviewed by internal audit to determine their adequacy. This needs to include a clear, documented process for applying all agreed inflationary increases to providers in the future.</p> <p>Also clearly documented roles and responsibilities need to be included, as well as what information should be provided and appropriate checks/validations to ensure that the information is complete and accurate. Details should also include how inflationary increases are carried out and that there is suitable review/authorisation of key processes.</p>	Priority 2	<p>Recommendation Agreed. Processes will be documented and reviewed by the Head of Internal Audit. These will then be implemented in line with the deadline.</p>	<p>Director of Finance</p> <p>Deputy Director for Adult Social Care</p>	31/03/22
2	<p>Information provided to request uplifts to be actioned needs to be accurate and comprehensive, clearly detailing all relevant information. It needs to clearly detail the provider(s) and service users to whom the uplift should be applied, the date from which the uplift is to be applied (and end date if relevant), the current rate, the uplifted rate and the percentage increase. There also needs to be clearly documented evidence that any uplift has been appropriately approved (for example by DMT) and that the information provided has been reviewed by a second Officer to confirm accuracy. Lastly, evidence of the request to action uplifts and appropriate authorisation needs to be retained in a central location/on the relevant service users' record(s).</p>	Priority 1	<p>Recommendation Agreed. An interim process has been implemented which includes Senior Management oversight and approval.</p>	Head of Commissioning	Complete
			<p>A permanent process including automation to ensure robust oversight will be implemented once developed and approved by the Head of Internal Audit.</p>	<p>Director of Finance</p> <p>Deputy Director of Adult Social Care</p>	31/05/22

Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<b>PAYMENTS IN ADVANCE TO PROVIDERS DURING COVID</b>					
3	<p>Linked to clarification of roles and responsibilities in the uplift process, Officers also need to ensure that their knowledge of organisational structure is up to date and that queries/requests for action are addressed to the correct Officers.</p> <p>Legacy AP email inboxes need to be closed/made inactive and automatic messages added to them signposting to the relevant up to date/central inbox to ensure a (timely) response to queries.</p>	Priority 2	<p>Recommendation Agreed: Organisational Structure issues will be addressed as part of the communications improvements outlined in the Provider Payments report Rec 2.</p>	<p>Director of Finance</p> <p>Deputy Director for Adult Social Care</p>	31/03/22
4	<p>A review should be made of the instance listed in 4.1.19 and then a wider review of all service users listed on Mosaic to ensure that current service provisions are at the correct rate.</p>	Priority 1	<p>Recommendation Agreed: A review of agreed inflationary uplifts for last financial year for this Provider has been completed. All provisions are at the correct rate.</p>	<p>Head of Commissioning</p>	Complete
5	<p>There needs to be a full review to determine whether the correct inflationary uplifts have been applied to current service provisions. This also needs to include review of client contributions to determine whether these have been impacted where rates have been incorrectly amended.</p>	Priority 1	<p>Recommendation Agreed: A sample check of 100 care home placements across different Providers (43% of service users in residential/nursing care) was undertaken, to determine the accuracy of inflationary uplifts. No further overpayments were identified.</p>	<p>Head of Commissioning</p>	Complete
			<p>A robust process is in place to ensure application of inflationary uplifts for people who fund their own care where we make arrangements on their behalf.</p>	<p>Head of Commissioning</p>	Complete
			<p>A review of the remaining Care Home placements will be completed to provide assurance of around incorrect payments/inaccuracies.</p>	<p>Head of Commissioning</p>	31/03/22

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<b>PAYMENTS IN ADVANCE TO PROVIDERS DURING COVID</b>					
6	Communications with providers need to be clearer and detail all relevant information such as clarifying the need for continued invoicing of services delivered during the period of payment on plan.	Priority 2	Recommendation Agreed: Payments in advance to Providers have now ceased. However, this will be addressed as part of the communications improvements outlined in the Provider Payments report.	Deputy Director for Adult Social Care	31/03/22
7	Providers should be contacted in all cases where a balance remains on the prepayments, details of the overpayment provided, and a clear agreement reached as to how any overpayment will be recovered. This should be clearly documented.	Priority 2	Recommendation Agreed: To address this historic issue dialogue with Providers has continued throughout 2021 and as reconciliations are completed, final amounts are recovered or offset against Provider invoices.	Strategic Business Partner - Finance	28/2/22
8	Correct invoices should be attached in all cases to the relevant transactions in Oracle Fusion as supporting evidence.	Priority 2	Recommendation Agreed.	Accounts Payable Manager	31/03/22
9	There should be consistent and appropriate treatment of offsetting provider invoices against prepayments including coding to the appropriate accounts.	Priority 2	Recommendation Agreed: Recovery of outstanding prepayment amounts will be implemented. The approach will be approved by the Executive Director for Adult Social Care and Director of Finance. Once approved, the approach will be communicated to Officers and held on the intranet.	Strategic Business Partner - Finance	28/02/22



MANAGEMENT ACTION PLAN					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<b>PAYMENT ISSUES</b>					
10	<p>The communication / notification link between PBST and AP needs to be restored to include regular sharing of details of mismatched and rejected invoices.</p> <p>Wider issues identified during the review of on hold and rejected invoices also need to be addressed. Reestablishment of link between AP and PBST will help with some of these but issues such as suspension/unsuspension of care packages, timely setting up of services and actioning of hospital discharges on Mosaic need to be addressed as part of wider data quality/training issues. In addition, the backlog of invoices on hold/rejected/awaiting processing needs to be addressed, which should then help resolve associated issues with prepayment balances.</p>	Priority 2	<p>Recommendation Agreed. Any queried invoices are now shared weekly by email.</p>	<p>Accounts Payable Manager &amp; Principal Personal Budget Officer</p>	Complete
			<p>Immediate action has been put in place to review the backlog of invoices which have not been paid.</p>	<p>Head of Commissioning</p>	31/03/22
11	<p>Automatic, system-generated remittance advice slips need to be reinstated for all payments to providers to ensure clarity around payments made.</p>	Priority 1	<p>Recommendation Agreed: A technical solution to the generation and emailing of remittance advices to Providers is in development.</p>	<p>Director of Finance</p> <p>Strategic Business Partner - Finance</p>	31/01/22
<b>DATA QUALITY</b>					
12	<p>The ASC Scheme of Delegation needs to be formally updated, documented, approved and made available to those who require it and followed.</p>	Priority 1	<p>Recommendation Agreed. As an interim measure communication has been circulated to all Officers clarifying the Financial Controls in Adult Social Care and expectation around authorisations.</p> <p>An updated Scheme of Delegation is being developed and will be implemented.</p>	<p>Director of Finance</p> <p>Executive Director for Health &amp; Social Care</p>	30/04/22

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
13	An appropriate performance framework needs to be put in place to assist with identifying quality issues. This needs to define what good performance is and what performance should be measured against.	Priority 2	Recommendation Agreed: Work to strengthen the existing Performance Framework is underway to clarify expected standards and timeframes.	Assistant Director, Safeguarding, Quality, Performance & Practice	31/01/22
	Managers need to ensure that information on weekly dashboards (for example in relation to open APTs and reviews) is reviewed and actioned as appropriate by / with team workers.		Recommendation Noted: A weekly ASC Performance Report will continue to be sent to all Managers in ASC for review and action as appropriate. Performance against expected standards will be monitored at each Monthly Performance Board.	Assistant Director Operations and Safeguarding, Quality, Performance and Practice with Operational Team Managers/ Performance Board Chair	31/03/22
	There needs to be regular review/monitoring and reporting of data quality, for example of APTs completed within a required timeframe, care packages input/amended/closed on Mosaic in a timely manner and appropriate action taken for any issues identified, to ensure only relevant/appropriate information is being recorded on service users' records.		Recommendation Noted: Weekly data is provided to Operational Managers to enable them to review data quality and ensure management oversight.  The Performance Board will be responsible for a monthly audit of data quality to ensure consistency of reviewing and monitoring.	Assistant Director of Safeguarding Quality Performance and Practice	31/03/22

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
14	The Performance Board needs to have clear Terms of Reference which define its role, including in relation to overseeing data quality, and attendees, as well as a cycle of agenda items. A clear record of discussions and decisions made also needs to be kept.	Priority 2	Recommendation Agreed: Terms of Reference to be developed and agreed by DMT, Existing agenda templates and action notes will be strengthened.	Assistant Director for Operations	31/01/22
15	APTs need to be completed in a timely manner, the service input onto Mosaic and a PO raised to ensure services and financial commitments are accurately reflected. There needs to be appropriate review of decisions approved at ERRG to ensure timely actioning of agreed services and input onto Mosaic.	Priority 1	Recommendation Agreed: Communications have been issued to Providers and Officers in relation to the expected authorisation and assessment requirements prior to implementing services.	Deputy Director for Adult Social Care	Complete
			As per recommendation 13, the Performance Board will ensure review.	Assistant Director of Safeguarding Quality Performance and Practice	31/03/22
			A regular independent audit of Eligibility Risk and Review Group decisions to be established to review consistency of decision making. To be reported to Care and Quality Board 3 monthly.	Assistant Director of Safeguarding, Quality, Performance and Practice	31/03/22
16	Reasonableness checks should be carried out by Commissioning when unusual payments are identified to determine and ensure whether the proposed payment amounts are within likely amounts to be paid.  Amendments made to Mosaic which do not have an agreed workflow process (such as inflationary uplifts) need then to have additional independent checks in place/exception reporting to ensure that amendments made are appropriate.	Priority 1	Recommendation Agreed: As per the response to Recommendation 12, an interim process has been put in place for authorisation of payments.	Head of Commissioning	Complete

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
17	New starters need to be given appropriate training and provided with relevant policies and procedures for work on Mosaic and the need to follow these enforced. Consideration also needs to be given as to how working practices can be adopted to ensure adequate support for the workers when working remotely.	Priority 2	Recommendation Agreed: A training and support package for all staff will be developed and implemented. A schedule of Training together with guidance and process documents for various roles and responsibilities will be provided on the intranet.	Social Care Systems Manager	31/03/22
18	The reliability of access to and accuracy of information on Mosaic needs to be improved. Access to service users' records and relevant reports should be as and when needed to those who require it, and importantly the information provided should be both accurate and up to date. The service should be developing reports to provide an overview of key information in relation to data quality.	Priority 1	Recommendation Agreed: Mosaic access is largely permissions based according to the job role that the user has. This will be reviewed to ensure it is fit for purpose.  Reports are generated manually on a daily basis however, work is underway to automate this.	Assistant Director of Operations  Social Care Systems Manager	30/06/22
			In line with review of the existing performance framework, data quality reports will be developed.	Assistant Director Operations and Assistant Director of Safeguarding, Quality Performance and Practice supported by Performance & Data Team Manager	31/05/22

## 4. FINDINGS

### 4.1 REVIEW OF INFLATIONARY INCREASES/PAYMENT IN QUESTION

- 4.1.1 It has been difficult to ascertain/verify a complete picture of what occurred in the lead up to a significant payment being made incorrectly to an adult social provider in relation to inflationary increases for out of borough, residential placements. There was often conflicting information and a lack of supporting evidence in some cases. This was also compounded by problems with the Mosaic system, leading to access issues for both internal audit and other Officers to both service users' records and relevant reports. It is of significant concern that these access issues appear to be ongoing (Rec 18).
- 4.1.2 On 24/3/20, DACHS DMT approved a 2% inflationary increase for 2020/21 for residential and nursing homes and day care providers who had not requested an inflationary increase in 2020/21. In addition, outstanding inflationary requests for 2018/19, 2019/20 and 2020/21 were also approved based on the methodology provided at the meeting.
- 4.1.3 A project was carried out by Commissioning, which reported to DACHS DMT in April 2020, to review out of borough placements and their costs with a view to reducing those that were seen to be excessive. It appears that DACHS DMT approved a number of inflationary uplifts for providers of out of borough placements (either a 2% inflationary increase was agreed, the requested inflationary increase was agreed or requested increase was declined) at their meeting on 14/4/20 although no formal minute has been located to confirm this, nor does the agenda for the meeting show that this was due to be discussed. In particular, a 2% inflationary increase, backdated to 1/4/2019, appeared to be agreed for the provider in question.
- 4.1.4 Following the DACHS DMT, DACHS Business Support were advised by Commissioning via email on 14/4/20 that various out of borough inflationary uplifts had been agreed by DMT and were requested to action them on Mosaic, details of which were provided in a spreadsheet. Several queries were raised at the time by Business Support in relation to the increases to clarify information contained in the spreadsheet provided to support the uplifts which were clarified by Commissioning. These included discrepancies between the monetary values detailed for increases and the percentage increases, whether uplifts were to be implemented for all service users and the date from which uplifts were to be implemented (Rec 1). There did not appear to be a set format for this information, verification that the information contained in it was accurate or evidence of DMT approval. DACHS Business Support confirmed to Commissioning on 24/4/20 that these increases had been applied to Mosaic.

- 4.1.5 Audit review of the spreadsheet provided to DACHS Business Support to action the out of borough inflationary uplifts, identified that none of the residential properties that the service users later flagged by the provider as not having received inflationary increases resided in, were included (Rec 2). This therefore meant that inflationary uplifts were not applied to the 8 service users in question. However, the provider was notified via an emailed letter on 24/4/20 that they had been awarded a 2% inflationary increase, backdated to 1/4/19.
- 4.1.6 In May 2021, the provider contacted the Personal Budget Support Team (PBST) and H&CC Finance Processing Team to identify that the agreed 2% inflationary increase, backdated to 1/4/2019, had not been applied to seven service users that they supported and requesting that this be actioned. The email provided details of seven service users, the amount the provider had calculated was owed and the period covered. This email request from the provider was then passed to the Contracts and Commissioning Team for action with communication ongoing between the provider, PBST, Commissioning and DACHS Business Support (Rec 1, 2). Commissioning requested that the uplift be actioned via an email request to the H&CC Finance Processing Team inbox on 16/6/21. It was identified by audit that the finance email inbox used both by the provider and Commissioning was a legacy AP account and hence the lack of response (Rec 3). It is also noted that DACHS Business Support should action inflationary uplifts not Finance (Rec 1).
- 4.1.7 Commissioning confirmed via email on 18/6/21 that the 2% inflationary increase backdated to 2019/20 had not been applied to the 7 service users highlighted by the provider and it was identified by commissioning that DACHS Business Support could implement the uplift on Mosaic.
- 4.1.8 On 22/6/21, the provider contacted the Assistant Director for Procurement and Contracts detailing that no confirmation had been received that the inflationary uplifts in question backdated to 1/4/19 would be paid in that week's payment run. This was then queried with DACHS Finance and the Accounts Payable Team (AP), who identified that the uplifts had not been input onto Mosaic and therefore would not be included on that week's payment run. Commissioning were requested to action the uplift of the rates on Mosaic and there was an email detailing that there were issues saving the uplifted rates in Mosaic (Rec 1).
- 4.1.9 On 5/7/21 an email from DACHS Business Support indicated to Commissioning that there were delays in inputting the uplifts into Mosaic and queried what the rates should be for the service users after the end dates detailed by the provider.
- 4.1.10 Review of the successful uplifts report by audit identified that uplifts were made to 6 service users on either 28/6/21 or 2/7/21, although one was only backdated to 25/1/21 instead of 1/4/19. In addition, where the rates were amended, the revised rate inputted for a week was the total owed to the service user over the period of backdating, as calculated by the provider, rather than a 2% increase. This led to some significant payments for service users being generated ranging from c£36k to c£245k instead of in the range of c£2.7k to c£11.2k (Rec 16) and generated a total payment of £1,194,538.33 to the provider.

- 4.1.11 As a result of the size of the payment generated, authorisation was required from the Executive Director of Social Care and Health within Mosaic. Following discussion by the Executive Director with Business Support and the Deputy Director of Transformation, the payment was authorised. It is understood that no explanation was received as to the makeup of the payment, although it was detailed that the provider had been paid at the wrong rate and therefore had been underpaid. On this assurance it was accepted that the amount was correct.
- 4.1.12 It is noted that automatic notification of the request for authorisation is not routinely received and is reliant on the Officer checking in Mosaic as to whether there is a request requiring their review/authorisation or being alerted for example by telephone. In addition, no details are provided as to what the payment is for or any breakdown of payment in Mosaic, other than any additional information that might have been added in the free text box, for example, detailing what the request is for and why it is being requested - so approval is based on an assumption of accuracy / trust. There is no further / independent check after input into Mosaic that changes to dates/rates etc. are correct (Rec 16).
- 4.1.13 On 19/7/21, AP flagged to PBST and Contracts and Commissioning Team about a significant increase in potential payment to 5 service users from the previous payment run and requested that these be urgently checked and confirmation that they were correct. DACHS Business Support indicated that they were related to amendments that had been requested by Commissioning and that there were also two other service users - one of which had only been partially backdated and one of which had been unable to be backdated at that point. Commissioning confirmed that the rate was correct (Rec 1, 16). DACHS Business Finance certified the payment on this basis and highlighted the 5 back payments relating to inflationary uplifts made to Commissioning.
- 4.1.14 Discussion also identified that the Acting AP and AR Manager and Chief Accountant also separately queried the payment with AP but were told it had been checked and they had been informed that payment was ok.
- 4.1.15 The payment was then processed and a payment of £1,194,538.33 made to the provider on 21/7/21.
- 4.1.16 On 28/7/21, the provider contacted Commissioning, identifying that they had been paid significantly more than they were expecting and that they had received no response from Finance on 3 separate occasions when trying to obtain a breakdown of the payment (Rec 3). Commissioning contacted DACHS Business Support detailing that the provider had been significantly overpaid and that the rates on 6 service users needed to be amended to reflect the agreed 2% increase from 1/4/19.
- 4.1.17 Audit review of the successful uplifts report identified that rates were corrected to 2% backdated to 1/4/19 for 3 service users on 29/7/21 and for 2 further service users on 4/8/21.

- 4.1.18 On 3/8/21 a Commissioning email detailed that the provider had still not received the 2% backdated to 1/4/19 inflationary uplift for 3 service users. Audit review of the successful uplifts report identified that one uplift was then implemented on 9/8/21 and another on 11/8/21. However, the uplift done for the other service user on 11/8/21 was done at the wrong rate (4% rather than 2%) and had not been corrected (Rec 4).
- 4.1.19 Audit review identified that there was a lack of clarity as to the process for actioning inflationary uplifts. Discussion with various individuals and review of relevant documentation around the request identified a lack of consistent understanding of the roles and responsibilities of Commissioning, DACHS Business Support and Finance, with the end-to-end process not documented (Recs 1, 2). In particular, there was a lack of clear ownership of each step of the process and a lack of understanding about officers' roles in the process and relevant people to contact to facilitate the process. This also included a lack of understanding about what information was needed to be provided to support such payments, to whom and who should review it to ensure it was accurate. Information provided to DACHS Business Support to action inflationary increases was as detailed by the provider and was open to different interpretations as to what was needed to be updated. The information supplied to action updates needs to be accurate, reviewed/verified and clearly detail what the rate needs to be uplifted from and to, from when and for which service users. It also needs to be evidenced that appropriate authorisation has been given i.e. DMT approval for the uplifts to be implemented and then retained as part of the audit trail (Rec 2). Uplifts should not be actioned from external requests without appropriate authorisation and verification that uplifts have been approved (Rec 2). The lack of documented process has been addressed for Inflationary Uplifts for Care Homes by Commissioning, although the document does need further review to ensure accuracy, as well as formal approval and implementation (Rec 1). Approved processes are required for all inflationary uplifts which clearly define roles and responsibilities.
- 4.1.20 Inflationary uplifts can be actioned on Mosaic in 2 different ways. In the first instance, rates can be manually uplifted at supplier or provider level. These are both done via the Mosaic admin tool and are the default option for implementing inflationary increases. Access to this tool is limited (see 4.1.21 below); however, it is noted that changes are not work flowed and the initial authorisation of the uplift (i.e. DMT approval) is documented outside of Mosaic (i.e. via email) which means that there is not a clear audit trail to evidence approval to action. Evidence of the request to action a 2% inflationary uplift was only found on one service user's record on Mosaic out of the 8 queried. In all other cases, requests were documented in emails which were not saved on Mosaic (Rec 2). Changes are made by manually entering the rate change - either the new rate change or percentage change - and the start date for the change and including/excluding packages that commence after a specified date for providers/services.
- 4.1.21 Once these rates have been manually amended, they are applied in Mosaic without the requirement for separate review i.e. there is no work flowed review of this amendment, so there is no routine process to flag issues such as inputting errors, incorrect rates, suppliers and start and end dates (Rec 1).



- 4.1.22 Whilst separate authorisation is required in Mosaic (depending on the amount), no details/supporting documentation is provided of what makes up the payment and any review conducted at this stage is not at a sufficient level of detail to pick up possible inputting errors.
- 4.1.23 Whilst it is noted that there are a limited number of people who are able to access the Mosaic admin tool and make these changes (2 DACHS Business Support Officers and 3 Brighter Futures for Children Officers), they have the ability to make amendments without any workflow/request/authorisation or second person review/authorisation (Rec 1). It is also noted that any changes are unable to be viewed in real time - Mosaic updates overnight - so show in Mosaic the following day after they are made and then another 24 hours is required for a report to be run from the reporting system to check all the changes made are correct (if a number of changes have been made) and then to inform the Commissioning Team. If errors are then identified, it can then take another 2 days before any further amendments can be checked to ensure they are accurate.
- 4.1.24 The other option used to implement an uplift is for PBST to create a workflow to increase the rate which then requires authorisation depending on amount. This is only carried out on a few individual care packages and again changes are implemented overnight and then are checked by running a finance report.
- 4.1.25 It is a key finding that there needs to be appropriate training for regular Mosaic users, particularly for new starters/movers/re-joiners etc, to enable them to write and use Mosaic reports and to enable users to easily extract up to date, relevant information (Rec 18).
- 4.1.26 It was found that information was being sent by suppliers to redundant/legacy AP email inboxes with consequences around accuracy and timeliness of payments. These need to be closed/deactivated and people signposted to the relevant current inbox to ensure the relevant Officers are aware of issues and enable a timely response to queries (Rec 3).
- 4.1.27 Although different reviews at payment stage did identify and flag where there was a significant increase in the level of payment for a service user from the previous payment, some sort of reasonableness check was not required to determine whether the amount payable was of the right magnitude (Rec 16). Payments flagged at this stage were in excess of £200k for several service users instead of a few thousand pounds (Rec 1).
- 4.1.28 A further point of consideration is whether the incorrect changing of rates for some service users has impacted on the rate of client contributions and whether these need to be reviewed (Rec 5).
- 4.1.29 There is also potentially a query as to whether there are other providers who have either not had inflationary uplifts applied against all their service users due (i.e. they weren't included on the spreadsheet provided from which the uplifts were applied) or equally that others could have had an incorrect uplift applied (Rec 5)).

## A1.1 REVIEW OF ADVANCE PAYMENTS TO CARE PROVIDERS IN RELATION TO COVID PAYMENT PERIOD

- A1.1.1 To assist Home Care, Extra Care and Supported Living providers during Covid, payments for services provided to service users were switched from payment in arrears to payment in advance between April - November 2020 inclusive, with the actual cost of services delivered in this period offset against the prepayments made. This was following guidance from the Cabinet Office to put in place the most appropriate payment measures to support supplier cash flow, which could include payment in advance.
- A1.1.2 An initial communication to providers detailing this change was sent on 13<sup>th</sup> April 2020 by the AD of Commissioning, Transformation and Performance. It provided details that the payments process was temporarily being altered so that social care providers were paid to plan and in advance, rather than retrospectively and per invoice. However, this communication did not make it clear that providers would still need to invoice in due course for the service actually provided during that period (Rec 6). However, a subsequent update was provided by the Contracts and Commissioning Team to suppliers on 27<sup>th</sup> April 2020, clarifying some queries that had arisen to date, including the need to invoice separately for care delivered in March and April 2020, the need to invoice for care delivered in April (although that could be at a later date), and that the process would continue from May 2020 onwards until advised otherwise.
- A1.1.3 Providers were then subsequently contacted in December 2020 by Commissioning, detailing that from the start of that month providers would no longer be paid in advance based on planned hours, but that invoicing should return to four weekly cycles as previous and requesting that they ensure that all invoices for period April-November 2020 inclusive for services delivered had been submitted by the end of December 2020.
- A1.1.4 Supplier reconciliations were conducted early in 2021 by the Trainee Accountant, with assistance from the DACHS Finance Business Partners, to identify the amount paid in advance to each provider, the invoices that had been offset against the prepayments and any remaining balance on the prepayment. 62 providers were identified as having a difference between what had been paid to them and what was owed to them in relation to services delivered during the period totalling £2.5m.
- A1.1.5 Providers were contacted in March 2021, supplied with details of the balance remaining on the prepayment and provided with a copy of the reconciliation showing how the balance had been reached, including how much had been prepaid and details of invoices offset against the prepayments. Where it was identified that providers had been overpaid (i.e. paid in excess of the cost of services they had delivered during that period), it was detailed that the overpayment would be offset against future invoices.

- A1.1.6 There had been a number of responses from providers as a result of this communication, detailing whether or not they agreed with the reconciliation and where they had either provided invoices that had not been paid or had not actually invoiced for services provided as they had already received payment. Responses received were being logged on a spreadsheet; however, it was noted that there were still a number of providers where a response to this or subsequent communication was still being awaited (Rec 7). A number of providers were still disputing the amount of overpayment and approximately a sixth of providers with such balances had agreed that the balance could be offset against future invoices. The balance on the prepayment as at 2/11/21 was £2.1m.
- A1.1.7 Discussion with the trainee accountant identified that where possible the focus had been to try to resolve issues with those providers with largest amounts outstanding. However, these tended to be more complex/time consuming to resolve and hence smaller ones had been resolved to a greater extent; it also tended to be that for smaller providers this was likely to make up a more significant part of their cashflow. Providers at highest risk of failure had been identified and actioned separately. As detailed in A2.1.11, there also seemed to be some confusion with providers as to what had been paid in terms of prepayment and invoices.
- A1.1.8 Meetings were held between Finance, PBST and Commissioning, initially on a weekly basis during August 2021, and then monthly which included reviewing progress on the prepayment balances paid to providers.
- A1.1.9 Audit review of one provider reconciliation identified that what had been prepaid to the provider agreed to what had been calculated by DACHS Finance. Review of the invoices offset against the prepayments identified a slight discrepancy between what had been calculated/detailed to the provider and audit review; this was identified to be as a result of additional invoices having then been offset against the prepayment since the time the provider had been contacted in March 2021.
- A1.1.10 A review of the invoices from this specific provider was carried out to determine if all relevant invoices had been offset against the prepayment, inappropriate invoices had not been offset and that the cut off at the start and end of the prepayment was correct. It was identified that for over half of the invoices (71/133) there was either no invoice or the incorrect invoice attached in Oracle Fusion. Hence it was not possible to determine which service user was being invoiced for, the period the invoice related to and whether the offset was appropriate. It was also not possible to determine if the provider had actually invoiced RBC for all clients/services in the prepayment period. (Rec 8).
- A1.1.11 It was noted that there was some inconsistent application of offsetting against the prepayment at start of period (Rec 9). There was also a significant backlog of invoices either awaiting processing, on hold or rejected, some of which might relate to services delivered in this period and thereby further affect the position (see section A2.2 for details). This, and a lack of remittance advices being provided to suppliers providing a breakdown of what payments made related to, had led to some confusion with providers as to which services had been paid for/offset against the prepayment and which were still outstanding.

- A1.1.12 Review of other payments made to the provider during the period of prepayment, but not offset against the prepayment, identified that where there were invoices attached in Oracle Fusion, they either related to services delivered before the prepayment period or were Brighter Futures for Children's invoices.
- A1.1.13 Audit review identified that what had been calculated as prepayments to providers by DACHS Finance agreed to what had been recorded on Oracle Fusion, and for a sample of eleven providers, also to what had been paid to providers. A check of a sample of eleven providers, identified that in three out of eleven cases, the balance on the prepayment agreed to what was originally communicated to providers in March 2021, in six out of eleven cases the difference related to invoices that had been processed since March 2021 and in one case there was still a discrepancy which appeared to be due to an incorrect balance transfer. One case was unable to be verified as the reconciliation provided was unable to be opened.
- A1.1.14 A full audit review of all providers was carried out, with verification of what was calculated as a prepayment by DACHS Finance against Oracle Fusion invoice reports and Oracle Fusion prepayments. Prepayment balance transfers were also verified (these had been moved to p&l code 5700). It was noted that the prepayments made in April 2020 had been treated differently to those for May to November 2020 inclusive (Rec 9). For April, the prepayments had been coded to a p&l code (purchased care 5309) and then the invoices offset against them. The balance was then transferred. It was noted that some invoices had been charged to the code after the balance had been transferred but only amounted to circa £12k and 31 invoices (Rec 9).
- A1.1.14 For the period from April to November 2020 inclusive, prepayments had been coded to a balance sheet code (payments in advance (9885)) and then invoices received offset against them. The balance was then transferred to a p&l code (5700). However, at the time of the audit a significant number and value of invoices appeared to have been posted to the payment in advance code after the prepayment balance had been transferred amounting to circa £0.5m and 807 invoices (Rec 9).

## A1.2 PAYMENT ISSUES.

- A1.2.1 There was a backlog of invoices with Accounts Payable, who were approximately two weeks behind (as at end of September 2021), plus a number of invoices on hold and rejected (as at the end of September this totalled 1,044 invoices with a total value £2.3m of which £1m related to BFfC). As part of this, it was noted that there were a number of invoices that did not match purchase orders on Mosaic. Previously a mismatched invoice report had been provided to PBST by the AP Team, but this process had ceased; indeed, the communication link between PBST and AP had also ceased in respect of queries on invoices (Rec 10).

- A1.2.2 It was planned that there would be a new query spreadsheet used which would record rejected invoices and which would then be shared weekly with PBST for them to address issues and suppliers contacted about rejected invoices (Rec 10). It was identified that AP had been unable to keep on top of communications with providers due to workload and staffing issues as they had been trying to focus on paying suppliers, although the DACHS Strategic Finance Business Partner had identified that central inbox has now been set up to ensure all communications from providers were going to one inbox rather than split across a number of teams (Rec 3).
- A1.2.3 The PBST, Finance and Commissioning teams met initially weekly to agree how to address and identify priority providers where the impact of payment delays was likely to have the most significant impact and therefore were a higher priority to resolve/pay.
- A1.2.4 In relation to the backlog of invoices/invoices on hold/rejected, a list of rejected invoices had been reviewed by the trainee accountant and then provided to PBST to work through to identify issues. Common issues relating to these invoices identified by Finance were invoice and commitment amounts not agreeing, no commitment(s) on Mosaic, service provision ended or suspended, rate increases and invoice duplication. PBST have identified a range of issues, some of which related to providers responsibilities and some of which related to RBC. Common issues relating to providers includes incorrect rate(s) being used, invoices being submitted for incorrect dates, care suspended but for which the provider had still invoiced, and issues with the provider invoicing for too much with no evidence that the care package had increased. RBC issues included care packages not being suspended/unsuspended when they should have been, service not being set up on Mosaic as PBST had not been correctly informed, incorrect workflow and hospital discharges not being done/reflected in time/no commitment to pay (Rec 10).
- A1.2.5 It was noted that often issues arose where the workflow was not done or not done correctly on Mosaic, which then led to subsequent issues with payment. It was also noted that there had been a significant turnover of social workers and a potential issue relating to training and in particular correctly using Mosaic as there were no policies/procedures in relation to this. It was noted in particular that this was an issue during the pandemic when staff were working remotely and unable to sit with someone or have people easily available to ask unlike when working in office (Rec 17).
- A1.2.6 Issues related to invoices on hold/rejected/awaiting processing also had an impact on advance payments to providers and agreeing overpayment balance(s) as some have invoices caught up in this (see section A2.1).
- A1.2.7 There had also been an issue with providing remittance advices for scheduled payments to providers, since staff members were working from home, but previously remittance advices had been posted out. It had been planned to move to emailing out remittance advices, however, this had been delayed as result of a planned change with the email server which had been due to occur but had not happened and it is still unclear when the new date for this would be. This had meant that providers had identified a lack of clarity in some cases as to what payments related to (Rec 11).

A1.2.8 In some cases, some invoices that providers detailed as outstanding had been offset against the prepayment made to them when payments were switched to payment in advance (see section A1.1). However, suppliers did not seem to be aware of this and that hence they had been paid. There was a lack of clarity with some providers that the advance payments were then to be offset against invoices for services delivered during that period rather than being a payment to keep them afloat.

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### A1.3 DATA QUALITY

A1.3.1 Discussion with the Assistant Director for Operations and Safeguarding, Quality, Performance and Practice identified that there was currently a gap in checking Mosaic data quality. Issues identified during this audit review around prepayment/invoicing included that there were some problems with new packages being input onto Mosaic/POs being generated in a timely manner (see SA1.1 and A1.2.4). However, it was difficult to obtain an overall view of this as it was not possible to obtain an appropriate report to assist with this, meaning individual records needed to be reviewed, so was time consuming.

A1.3.2 Discussion with the Assistant Director for Operations and Safeguarding, Quality, Performance and Practice identified that:

- all agreed services should have an associated APT;
- Packages discussed at ERRG were reviewed and checked to ensure that they had a signed off APT; and
- quality was deemed to be good as ERRG would not agree a service without an APT being in place.

It was noted that those packages not going via ERRG e.g. emergency/hospital discharge were approved and then should have a retrospective APT completed so all packages should have an APT. However, the majority of packages should go via ERRG as it met three times a week. Packages were signed off and budgets authorised via a scheme of delegation although a copy of this has not been seen by audit, who have subsequently been informed that it was out of date and required updating (Rec 12).

A1.3.3 Discussion with various ASC Team and Service Managers identified that there was no regular audit/review of Mosaic to ensure data quality for example APTs completed within a required timeframe, care packages input/amended/closed on Mosaic in a timely manner (Rec 13). Subsequent discussion with the Assistant Director for Operations and Safeguarding, Quality, Performance and Practice identified that audits of data quality were looking to be instigated but at present there was nothing in place.

- A1.3.4 Initially staffing issues were looking to be resolved and appointments made to some senior roles (Principal Social Worker and Principal Occupational Therapist) which would then lead on practice development, developing a core governance strategy, including auditing, governance, monitoring risk and service user feedback, all with a likely six-month timeline. Practice forums were also looking to be set up to look at the structure for auditing and supervision to better monitor workflow. As part of this, careful consideration was also required as to what was recorded on Mosaic, as access to their records could be requested by service users and their families (Rec 13).
- A1.3.5 Discussion with the Manager of the Performance and Data Team identified that there was not a consistent picture of service managers reviewing and actioning associated issues in relation to APTs/reviews, particularly during Covid when other issues had been prioritised. It was noted that managers received a weekly dashboard which detailed, amongst other things, APTs and reviews that had been started, completed or were open, and that some managers were better than others at reviewing the report and actioning any issues (Rec 13). Managers should be reviewing long term open APTs and reviews at 1-2-1s. It was understood that the new Principal Social Worker would look at defining this and ensuring it was actioned.
- A1.3.6 It was noted that there was currently no performance framework in place which clearly defined good performance generally and what performance should be measured against (Rec 13). Managers should be aware of what was established as acceptable in terms of the time period that APTs could be open for i.e. up to 45 days, but this had not been formally defined (Rec 13). Work on data quality was being undertaken, with the lead for quality being the AD for Safeguarding, Quality, Performance and Practice, and performance data was being reviewed by FutureGov as part of the IT strategy work to allow managers to receive direct relevant information for their team, including spend v budget reports. It was also understood that as part of the DACHS restructure, performance management would be added to job descriptions.
- A1.3.7 It was also identified that the weekly dashboard (detailing amongst other things, APTs and reviews that had been started, completed or were open) was received at monthly Performance Board meetings, although it was not always discussed, and no notes or more detailed minutes were taken of what was discussed at these meetings, only an action list made of decisions taken/actions required. It was however noted that the Performance Board was still evolving and had started out as a Performance Surgery (a discussion forum for managers). However, no Terms of Reference had been established for the Board, or proforma agenda devised with an annual rolling cycle of issues/areas to discuss. There also appeared to be a need for a Finance representative to attend going forward (Rec 14).

- A1.3.8 Audit reviewed a selection of services approved by ERRG since April 2021 to determine subsequent action taken and timeliness. It was identified that in two cases where CHC funding had ceased and RBC had to fund all of the existing service, there had been a significant delay in completing the APT (which in both cases was retrospective after funding had ceased). In one of these cases, the APT had not been completed so the service was not reflected on Mosaic nor provision for the circa £76k currently owed to the provider (as funding ceased in June). In the other case, funding ceased in April and was not approved by ERRG until September. In four out of nine cases reviewed, the APT had not been completed after the ERRG decision, with five cases where the service had not yet been put onto Mosaic (Rec 15). Also, in the case where POs were raised, these were after the service had started.
- A1.3.9 Audit review of a report of APTs started, open or completed since April 2021 identified that for open APTs, 44% had been open for 0-2 months, 17% for 2-4 months and 39% for 4+ months. It was noted that on these reports "significant outliers" i.e. those where the APT had been open a significant amount of time (i.e. hundreds of days) were likely where the APT was not fit for purpose and the worker had not closed it; delays in completing APTs for agreed services were likely to be those just over 45 days. For reviews, 35% had been open 0-2 months, 27% 2-4 months and 38% 4+ months. There was currently there was no report specifically looking at the time period between ERRG approval, purchase of services and a PO being raised (Rec 15).
- A1.3.10 During the course of the audit, there were various access issues encountered, including being able to access relevant service users records and run/obtain appropriate reports. During discussions with Officers, it was noted that there had been various ongoing issues with Mosaic in terms of accessing and amending records, ensuring that records had been correctly updated in a timely manner and being able to access and run accurate and appropriate reports. There were also problems with being able to easily access/obtain an overview of some information; this was particularly problematic where it was recorded as free text/in case notes on Mosaic, reports were unable to be run to obtain an overview, and reliance had to be placed on reviewing individual records/knowing what reports were available/worked (Rec 18) .
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