

AUDIT REPORT 23'010
PROCUREMENT AND CREDITOR PAYMENTS

Executive Summary

The annual audit plan for 2022/23 provides for a review to be undertaken of payments made by the Authority to suppliers of goods and services. The purpose of the audit was to confirm that effective controls are operating to ensure all payments are appropriately authorised, accurate and paid in accordance with financial regulations and agreed terms and conditions. This audit review related to testing a sample of transactions generated under the direction of the Moray Integration Joint Board.

Approximately £21 million was paid through the Council's creditors system by Health and Social Care Moray in the six months from October 2021 to March 2022 to suppliers of goods and services. Through the use of computer audit software, a sample of payments was randomly selected from this period with a value of £1.05 million. The testing undertaken was developed from the Chartered Institute of Public Finance and Accountancy's Audit Programme, in addition to consultation with the External Auditor. The audit work also involved a separate exercise of extracting multiple invoices from the same supplier with the same value as a check for duplicate payments.

The audit was carried out in accordance with Public Sector Internal Audit Standards (PSIAS)

Findings from the audit undertaken noted the following areas for consideration:-

- Testing found that payments had been made to Care Providers before the services were delivered. The advance payment period ranged from a couple of days to approximately 6 months. Payments made by Health and Social Care Moray and processed by the Moray Council must comply with the Council's Financial Regulations. These Regulations state that unless written authority is obtained from the Head of Financial Services, payments should not be made in advance for the delivery of goods or services.
- A computer audit software application was used to check for potential duplicate payments by undertaking a data matching analysis of invoices paid to the same company with an identical value. An example was found from a sample of fifteen matches investigated where a company had been paid twice for the same service. The value of this duplicate payment amounted to £9,796.93. Action is currently being undertaken to recover this duplicate payment. In addition, a recommendation has also been made within this report to further strengthen controls within the Community Care Finance Team in the processing of invoices.
- The audit noted issues concerning the management of social care contracts. This is related to the contractual relationships with care providers and the administration of individual contracts. With consideration to the scope of the planned external review of adult social care commissioning, no further action is planned by Internal Audit. However, progress regarding this review will be closely monitored.

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
Key Control: Effective controls in the processing of creditor payments to ensure compliance with Financial Regulations and Procurement Guidelines						
5.01	A review should be undertaken across all social care external providers to ensure that payments are not made in advance of the service delivery.	High	Yes	All invoices received will be more rigorously checked to ensure providers are not paid in advance unless a prior agreement has been received. Any issues will be escalated to the Commissioning Manager for resolution.	Community Care Finance Officer	15 August 2022

Appendix 1

Risk Ratings for Recommendations						
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	Medium	Less critically important controls absent, not being operated as designed or could be improved.		Low	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.02	Monitoring arrangements within the Community Care Finance Team should be amended to include a requirement to record all invoices processed for payment.	Medium	Yes	Procedures are being drafted to include clear instructions and a checklist for recording all invoices received for payment.	Community Care Finance Officer	31 August 2022
5.03	The Community Care Finance Team should check invoices received from Care Providers to ensure the care delivered to each service user corresponds to their individual authorised support package detailed within CareFirst.	Medium	Yes	This is currently in place, albeit not for all services. This check will be expanded to include all service areas.	Community Care Finance Officer	31 August 2022
5.04	Payments should be made to the agreed Care Provider and not a sub contracted company.	High	Yes	Agreed. Advice will be required from the Commissioning Team for any invoices	Commissioning Manager	31 August 2022

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
				received from a sub contractor for the delivery of care.		