

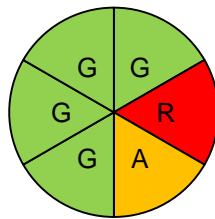
# Internal Audit



## Bank and Agency Staffing

January 2016

### Report Assessment



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## **Introduction**

NHS Lothian has a staff bank in place. The purpose of the staff bank is “to co-ordinate and develop supplementary staffing to support patient care services”. The staff bank supplies various supplementary staffing to all areas of NHS Lothian, including doctors, registered nurses, midwives, non-registered care assistants, ancillary staff, administration and clerical staff. The staff bank recruits and coordinates staff, processes payment and supports learning and development and can be an effective tool to resolve short-term resource issues.

In previous years NHS Lothian had a bespoke system to manage the Staff Bank. In April 2015, NHS Lothian implemented a new, off-the-shelf system (Allocate) which is used widely across the NHS in Scotland.

NHS Lothian also uses agency staff to meet staffing shortfalls. Agency staff should only be used where the staffing shortfalls cannot be met internally or through the use of bank staff, due to the additional costs involved. In 2014/15, NHS Lothian incurred £43.9 million on bank and agency staff (£11.4 million on agency staff and £32.5 million on bank staff); this includes locum staff.

Use of both bank and agency staffing must be supported by robust controls and processes to ensure these staff are only utilised where required.

## **Scope**

We reviewed the arrangements in place to manage the use of bank and agency staff.

## **Acknowledgements**

We would like to thank all staff consulted during this review for their assistance and cooperation.

## Executive Summary

### Conclusion

There are a number of weaknesses in the key controls in place to manage bank and agency staff that require improvement. The weaknesses relate to both the design and application of key controls. In particular, these relate to services bypassing the Staff Bank to procure agency staff, the extended continuous use of bank and agency staff and ensuring that the bank and agency staff used are suitable.

### Summary of Findings

The table below summarises our assessment of the adequacy and effectiveness of the controls in place to meet each of the objectives agreed for this audit. Definitions of the ratings applied to each action are set out in Appendix 1.

No.	Control Objective	Control objective assessment	Number of actions by action rating			
			Critical	Significant	Important	Minor
1	The processes to be followed when using bank or agency staff are documented and available to all staff.	Green			2	
2	Only staff on the register of approved bank staff or who are employed by approved agencies work within NHS Lothian, and any changes (including starters, leavers, standing data) to the register are appropriately authorised.	Red	1	1		
3	Bank and agency staff have up-to-date skills, experience and registrations to meet the requirements of the post and shift being filled.	Amber		1	1	
4	Time worked by bank or agency staff is approved in advance by an authorised individual, and payments made to bank and agency staff are only made following confirmation from an authorised individual of the time actually worked.	Green			1	
5	Budget holders confirm the	Green		1		

No.	Control Objective	Control objective assessment	Number of actions by action rating			
			Critical	Significant	Important	Minor
	continued requirements for bank or agency staff on a regular basis.					
6	Usage of bank and agency staff is monitored and used to inform recruitment decisions.	Green			1	

### Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)

### Main findings

We identified a number of areas of good practice during the review. There are formal controls in place to ensure that the staff bank database is maintained accurately in terms of additions, removals and amendments. This includes segregation of duties over those approving the changes and those processing them.

Every shift for which cover is provided by the Staff Bank is recorded on the Allocate system and the hours worked are confirmed and authorised electronically by an authorised signatory, who is a member of staff from the relevant service area. Block booking of bank or agency staff requires each constituent shift to be logged and authorised separately.

The Staff Bank provides Finance with monthly information about the use of bank and agency staff. The information is provided for each service area, directorate and at an organisational level and includes hours worked, reason for booking and cost. The information is used by budget holders and Finance to monitor expenditure on bank and agency staff and agree actions where there are particular issues. Similar information is also reported at a Board and Committee level.

We identified one critical and three significant issues during this review:

- There are no effective controls in place to prevent service areas bypassing the Staff Bank to book agency staff directly from an agency. Our testing identified several recent instances of services booking agency staff directly with the agency. This has resulted in

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agencies unknown to the Staff Bank being engaged, no prior confirmation of the suitability of the agency staff and one instance where an individual with an expired visa, who was no longer allowed to live or work in the UK, was engaged. This poses a serious reputational and financial risk to NHS Lothian.

- Increasing reliance is being placed on “off-contract” agencies to cover shifts. This is because the agencies which form part of the national contract are not always able to provide agency staff at short-notice. Before agencies are engaged a number of standard checks are carried out by the Staff Bank to ensure they are suitable. However, the checks undertaken are not documented and have not been reviewed to ensure they are consistent with the due diligence checks carried out by National Procurement.
- Controls are not in place to ensure that the skills of bank staff and the skills and registrations of agency staff are up-to-date. Reliance is placed on the checks carried out by agencies. However, the Staff Bank policy is that the checks should be reconfirmed after six months and this is not being undertaken. Where information is obtained by the Staff Bank it is not always input on to the Allocate system. This may lead to agency staff being booked that do not hold the relevant and up-to-date qualifications and registrations.
- There is no general guidance in place which sets time limits for the use of bank and non-medical agency staff groups after which consideration of alternatives such as recruitment or temporary contracts should be evidenced or additional authorisation for the extended use of supplementary staffing should be required. Setting time limits would also provide an opportunity, where agency staff are being used, for the Staff Bank administrators to re-test the market to ensure the most economical solution was being achieved

Further details of these points, as well as five important points, are set out in the Management Action Plan.

## Management Action Plan

<b>Control objective 1: The processes to be followed when using bank or agency staff are documented and available to all staff</b>	
<b>1.1: The Financial Operating Procedure for Ordering Supplementary Staffing Resource has not been subject to appropriate approval, is out-of-date and is difficult to locate</b>	<b>Important</b>
<p><b>Observation and Risk</b></p> <p>The Financial Operating Procedure (FOP) for Ordering Supplementary Staffing Resource documents the processes to be followed when using bank or agency staff. The FOP was approved by the Nursing &amp; Midwifery Workforce Group and Clinical Management Group in September 2012. However, the Development, Approval and Communication of NHS Lothian Policies and Procedures document stipulates that financial procedures should be approved by the Director of Finance (or a nominated officer). We did not find any evidence that the FOP had been approved. In addition, the FOP was due for review in January 2015 and this has yet to take place.</p> <p>We also noted that while the FOP provides clear instructions on the steps that must be followed when engaging bank and agency staffing resource, it is only available on the finance section of the intranet and it is not easily found when using the intranet search engine.</p> <p>Without up-to-date operating procedures which are easily located by staff, there is a risk that staff are not aware of the correct procedures to follow. This could lead to the inappropriate usage of bank and agency staff.</p>	
<p><b>Recommendation</b></p> <p>The FOP for Ordering Supplementary Staffing Resource should be reviewed to confirm that it remains up-to-date and any required changes should be made. The FOP should then be approved by the Director of Finance in line with the process detailed in the Development, Approval and Communication of NHS Lothian Policies and Procedures document. NHS Lothian should identify an owner for the FOP who is responsible for ensuring it remains up-to-date and is subject to formal reviews within the agreed timescales.</p> <p>The search facilities on the intranet should be reviewed with a view to making it easier for staff to locate the FOP.</p>	
<p><b>Management Response and Action:</b></p> <p>The previous FOP was distributed via the Nurse Director, in line with the recommendation of a previous internal audit. Management made a conscious decision not to review the FOP prior to the migration to the new software in April 2015 in anticipation that the functionality of the new software would require changes in practice.</p> <p><b>ACTION:</b></p> <p>1) The current FOP will be included in the Staff Bank intranet pages</p>	

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|---|
| 2) The FOP will be reviewed and revised<br>3) The revised FOP will be formally implemented via the Finance Policy governance route. |
|---|

<b>Responsibility:</b>	<b>Target date:</b>
1) Assistant Director of Nursing 2) Assistant Director of Nursing 3) Director of Finance	1) By end February 2016 2) By end September 2016 3) By end October 2016



**1.2: Standard Operating Procedures are not up-to-date and there are inconsistent practices across Staff Bank sub-teams**

**Important**

**Observation and Risk**

NHS Lothian introduced a new electronic booking system (*Allocate*) for bank and agency staff in April 2015, which is administered by the Staff Bank Team. Some SOPs have been developed or updated following the implementation of the new system, such as agency staff invoicing and bank staff payroll processing. However, the processes to be followed by the Staff Bank Team in the daily operation of the staff bank have not been documented, e.g. the information to be recorded on to Allocate and where source documents should be filed.

The Staff Bank Team carries out standard checks on agencies and agency staff the first time they are used. The Staff Bank Team is split into various sub-teams which are aligned with different staff groups, such as nursing, non-clinical and other clinical. During our testing we noted different practices across the various sub-teams in relation to retaining and filing documentation to support the standard checks carried out on agency staff. For example, some sub-teams store information in folders dedicated to individual agency workers while other sub-teams store information in a shared email drive with no clear filing method.

We also noted inconsistencies within sub-teams with some staff maintaining comprehensive records of the professional registrations held by agency staff, while others only partially record this information, and others do not maintain records at all.

There is a risk that staff are not aware of the correct procedures to follow. This has led to inconsistent working practices across the various Staff Bank sub-teams. In particular, there is a risk that NHS Lothian procures agency staff despite the standard checks not being conducted and documented. This could lead to reputational or financial damage to NHS Lothian.

**Recommendation**

The Staff Bank should develop a comprehensive suite of SOPs which adequately cover the processes to be followed by staff in operating the Staff Bank. This will help ensure consistent practice across the various sub-teams. Training should be provided to staff as required. Managers could undertake periodic assessments to verify that the SOPs are being applied in practice.

**Management Response and Action:**

All staff have access to detailed user guides from Allocate which illustrate all the main processes the software is capable of delivering. The principles of recording the required data and many of the actions carried out by the Staff Bank remain unchanged and the “bookings bible” is available to all Staff Bank office employees on the shared drive and provides instruction on how to carry out these processes. A glossary of terminology was created to reflect the renaming of certain data items (eg pay number in old system is called an assignment number in the new system). SOPs were not updated during the implementation phase unless the actual procedure had changed with the new software e.g invoicing and

payroll where the processes do not follow the same principles as in the previous software.

The project plan includes development of SOPs but the project team have prioritised development of specifications for functionality that does not currently meet the Boards requirements of a Staff Bank software system (e.g annual leave for bank staff and recharge reporting) over developing processes that reflect the new software where the actual transactions being carried out remain unchanged, albeit within a new environment.

**ACTIONS**

- 1) An index of SOPs that require to be created will be generated and priorities agreed
- 2) Detailed SOPs will be developed in three tranches (high medium and lowest priority groupings)
- 3) Monthly training sessions for Resource Co-ordinators will be established
- 4) Monthly peer audit across sub teams will be established

**Responsibility:**

- 1) Assistant Director of Nursing
- 2) Service Manager (Staff Bank)
- 3) Service Manager (Staff Bank)
- 4) Service Manager (Staff Bank)

**Target date:**

- 1) By end February 2016
- 2) High Priority by end April 2016  
Medium Priority by end Sept 2016  
Low Priority by end March 2017
- 3) By end April 2016
- 4) By end May 2016

**Control objective 2: Only staff on the register of approved bank staff or who are employed by approved agencies work within NHS Lothian, and any changes (including starters, leavers, standing data) to the register are appropriately authorised**

**2.1: Services do not always book agency staff through the Staff Bank**

**Critical**

### **Observation and Risk**

It is NHS Lothian's policy that all requests for bank and agency staff should be made through the Staff Bank. This enables the Staff Bank to check the availability of staff on the bank before approaching agencies, as bank staff rates are lower than agency staff rates. The Staff Bank also checks the suitability of agency staff to fill shifts by confirming with the relevant agency that all employment checks have been carried out, are satisfactory and up to date (e.g. registration with professional bodies, PVG (protecting vulnerable groups) checks, eligibility to work in the UK, etc).

We tested a sample of ten agency nurses and 13 agency medical locums who had undertaken shifts in the period between January 2015 and November 2015 to ensure that the correct procedure had been followed to procure the agency staff. We confirmed that the requests for the ten agency nurses were in order. However, four (31%) of the 13 medical locum shifts we reviewed had been booked directly by the service and retrospective authorisation and background checks had to be carried out by Staff Bank. One of the agencies used was not known to the Bank Staff.

Staff Bank Team Leaders provided evidence of services bypassing the Staff Bank and directly booking allied health professionals and pharmacists from agencies. In addition, we were provided with evidence of a service directly engaging a locum doctor who had previously worked for them under a visa arrangement. Subsequent checks by the Staff Bank found that the doctor was no longer eligible to work or live in the UK as his visa was no longer valid.

When services bypass the Staff Bank and book directly with agencies, there is a risk that NHS Lothian uses agency staff who are not suitable for the role, do not possess the required qualifications and registration, or do not have a right to live and work in the UK. This could result in significant financial and reputational risks to NHS Lothian. There is also a risk that the Staff Bank could have booked a bank staff member instead, which would be more cost effective for NHS Lothian.

### **Recommendation**

Services should be reminded that they should not procure agency staff direct with the agency and all requests should be directed to the Staff Bank in the first instance. The FOP should be highlighted to services to ensure they know the correct procedures to follow. Instances of non-compliance should be highlighted to the individual's line manager and escalated to senior management where non-compliance is repeated.

### **Management Response and Action:**

An escalation of SBAR reports to the Medical Director is in place for all instances of agency engagement outwith agreed procedures for medical locums. It is accepted that similar

escalation to the relevant Director should be in place for all other staff groups.

**ACTION:**

- 1) Develop SOP for escalation of non-compliance.
- 2) Include detail in the revised FOP regarding the escalation process
- 3) Communication to all Site Directors/ General Managers and Associate Medical Directors and other Professional Leads to reiterate the requirement to engage agency through the Staff Bank.

**Responsibility:**

- 1) Service Manager (Staff Bank)
- 2) Assistant Director of Nursing
- 3) Interim Nurse Director

**Target date:**

- 1) By end April 2016
- 2) By end September 2016
- 3) By end February 2016

**2.2: Background checks prior to the use of “off-contract” agencies are not documented and there is no list of approved “off-contract” agencies**

**Significant**

**Observation and Risk**

National Procurement performs due diligence checks on those agencies which are included in the national contract. Health boards then place reliance on the suitability of the contracted agencies based on the work carried out by National Procurement.

Prior to engaging with “off-contract” agencies, the Staff Bank should conduct a number of standard checks. The standard checks include the Staff Bank confirming that nursing agencies are registered with the Care Inspectorate (a national requirement) and also that the agency is VAT registered. The Staff Bank will request that the Procurement Department carries out a due diligence check on “off-contract” medical locums agencies that it has not used previously (some “off-contract” agencies will have held national contracts previously and will therefore have been vetted by National Procurement).

However, the standard checks that are conducted by the Staff Bank have not been reviewed to ensure that they are consistent with the checks carried out by National Procurement. In addition, the Staff Bank does not maintain records to confirm that the standard checks have been undertaken and it does not have a list of approved “off-contract” agencies for use.

There is a risk that the standard checks which are undertaken for “off-contract” agencies are not sufficient to give assurance over the adequacy and validity of the agency. There is also a risk that “off-contract” agencies are used, which have not been subject to standard checks. This may lead to NHS Lothian breaching procurement guidelines and procuring staff from an agency which does not meet the standard criteria. There is also a risk that standard checks are conducted more than once for an “off-contract” agency that has already been used and subject to the standard checks; this would be an inefficient use of staff time.

**Recommendation**

The Staff Bank should liaise with Procurement to establish whether the standard checks they carry out on agencies are consistent with the checks carried out by National Procurement. A standard checklist should be developed and the results, along with supporting evidence, should be recorded and retained. The standard checks should be rechecked periodically (at least annually) to ensure they remain up-to-date and valid.

Once NHS Lothian has established the standard checks that should be undertaken, a review should be undertaken to identify appropriate “off-contract” agencies and a list of these should be made available to the Staff Bank.

**Management Response and Action:**

- 1) Agree agency vetting checks required
- 2) Develop SOP for agency vetting
- 3) Provide training to Staff Bank Managers and Team Leaders
- 4) Include the review of vetting in the remit / work plan for the Nursing and Midwifery Workforce Group

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5) Include a list of the agency suppliers that are available to be used on the Staff Bank intranet

**Responsibility:**

1), 2) & 3) Deputy Head of Procurement and Service Manager (Staff Bank)

4) Assistant Director of Nursing

5) Service Manager (Staff Bank)

**Target date:**

1)2) 3) By end September 2016

4) By end February 2016

5) By end March 2016

**Control objective 3: Bank and agency staff have up-to-date skills, experience and registrations to meet the requirements of the post and shift being filled**

**3.1: The Staff Bank does not monitor bank and agency staff to ensure that skills, qualifications and registrations are up-to-date**

**Significant**

**Observation and Risk**

Bank and agency staff should only be used for shifts for which they hold the relevant skills, experience and professional registrations.

Agency staff

Prior to engaging agency staff, the Staff Bank will confirm with the agency that the candidate is suitably qualified and registered with relevant professional bodies. Once this is confirmed then the candidate will be added to the Staff Bank database.

We reviewed the records of 13 agency medical locums and nine agency nurses to confirm that valid and up-to-date checklists were in place. For 12 of the 13 medical locums, a checklist was in place. However, only five of the nine (56%) checklists for the nurses could be located. We also reviewed the Allocate system to confirm that the expiry date for the professional registrations of the agency staff had been recorded. The information was not recorded for five (38%) of the 13 medical locums and six (67%) of the nine nurses. In addition, there is no mechanism in place which alerts the Staff Bank when the checklists require renewal.

Bank staff

Bank staff are added to the database after a recruitment process, during which all pre-employment checks, qualifications and references are confirmed. The information, such as skills held and professional registrations, are recorded on the Allocate system and end dates should be input where required to ensure that only bank staff whose skills are up-to-date are offered shifts.

However, during the data migration from the previous staff bank system to the Allocate system, only the professional registration dates were transferred; end dates for skills which require to be maintained were not migrated. Dates are now being added as the Staff Bank is made aware that training has been undertaken.

There is a risk that bank and agency staff are used who do not possess the relevant and up-to-date qualifications and registrations.

**Recommendation**

Each Staff Bank sub-team should be tasked with inputting expiration dates on the Allocate system for those bank staff within their area. The Staff Bank should use reports from the Allocate or Empower PWA systems to identify those staff whose training requires renewal and notify this to the bank staff to ensure training is arranged.

The Staff Bank should also use the functionality within the Allocate system to record the dates

on which the checklists from the agencies need to be renewed. The Allocate system should also be used to record professional registration expiration dates for agency staff.

**Management Response and Action:**

The decision not to carry expiry dates for “skills”, with the exception of the professional registrations was based on the functionality of the Allocate software being unable to differentiate between a violation and a warning where the skill had expired. This would have had a detrimental effect on the Staff Bank’s ability to fill shifts.

The availability of mandatory training places is insufficient to provide training to every bank worker within the expiry period of prior training. The Staff Bank prioritises places to ensure that optimum use is made of the places available. An agreed window to achieve updating should be included in all expiry dates and the functionality of the Allocate software in alerting staff to expiry should be utilised.

**ACTION**

- 1) Set expiry dates for all recorded skills that are time limited for bank workers
- 2) Set expiry dates for all agency checklists recorded
- 3) Set professional registration expiry dates against agency staff on each new / continued booking

**Responsibility:** Service Manager (Staff Bank)

**Target date:**

- 1) By end December 2016
- 2) By end September 2016
- 3) From 1<sup>st</sup> February 2016



<b>3.2: Bank staff are not subject to formal regular appraisals</b>	<b>Important</b>
<p><b>Observation and Risk</b></p> <p>Staff engaged through the Staff Bank are subject to some NHS Lothian HR policies . NHS Lothian has decided that this should include an assessment of the performance of bank staff. In previous years, the information to allow such an appraisal was captured through the Staff Bank system. It prompted service managers to provide performance feedback by answering questions directly linked to the job specification within eKSF when confirming shifts worked by nursing bank staff. This was seen as good practice by the national eKSF team. However, the Allocate system does not have the same functionality to request this feedback and no alternative has been introduced. There are approximately 5,500 staff employed on the staff bank, around 3,000 of whom are also employed by NHS Lothian in a substantive post. The remaining 2,500 are only employed through the staff bank. There are four Staff Bank managers, who have line management responsibility for people employed through the Staff Bank, including responsibility for their performance management. While the 3,000 staff with substantive posts will participate in performance reviews as part of their permanent role, the four Staff Bank managers have responsibility for the remaining 2,500 staff bank employees.</p> <p>We recognise that it is impractical for four Staff Bank managers to hold performance review meetings with 2,500 staff. However, there is currently no process in place to review the performance of these individuals.</p> <p>There is a risk that bank staff do not receive feedback regarding how they are performing in their role. This may lead to development opportunities being missed. From April 2016, nurses will be required to provide evidence of continued professional development (CPD) as part of the revalidation process.</p>	
<p><b>Recommendation</b></p> <p>The Staff Bank should develop a process which will allow sufficient feedback to be gathered to enable Staff Bank managers to assess the performance of bank staff. For example, this could include a short questionnaire being issued to the services following a shift worked by a member of bank staff.</p> <p>Given the large numbers of staff involved, we recommend that an exercise to prioritise staff should be undertaken, for example by identifying bank staff who complete shifts on a frequent basis. Similarly, it may be appropriate to prioritise staff delivering clinical care, or staff with CPD requirements.</p> <p>If bank staff are regularly working within the same service area, the Bank Staff managers should consider whether a manager within that area should take on line management responsibility for the individual concerned.</p>	
<p><b>Management Response and Action:</b></p> <p>A paper-based Staff Bank led process is not feasible for in excess of 2,500 bank only workers being managed by 4 Staff Bank Managers.</p>	

**ACTION**

- 1) Exploratory discussions with Allocate to establish whether an electronic solution would be considered for development within the Allocate software system.
- 2) Bank workers will be provided with paper based feedback proforma to have completed in placement areas.

**Responsibility:**

- 1) Assistant Director of Nursing
- 2) Service Manager (Staff Bank)

**Target date:**

- 1) By end April 2016
- 2) By end September 2016

**Control objective 4: Time worked by bank or agency staff is approved in advance by an authorised individual, and payments made to bank and agency staff are only made following confirmation from an authorised individual of the time actually worked**

**4.1: Continued access requirements to Health Roster are not monitored**

**Important**

**Observation and Risk**

Service areas use a module within Allocate (Health Roster) to directly request Staff Bank cover for specific shifts. Only budget holders or those with budget holder authorisation have the necessary level of access to book shifts through Health Roster.

We found that there are adequate and effective controls in place over granting access to Health Roster. However, we noted that there is no periodic check carried out to ensure that those staff who have access to the module still require access.

There is a risk that staff have inappropriate access to the Health Roster module and retain authority to book staff for which they no longer have budgetary authority.

**Recommendation**

The Staff Bank should conduct periodic reviews to ensure that only relevant staff have access to the Health Roster module. It may be more efficient to do this on a rolling basis as opposed to one large batch. Once the access review has been performed it should be subject to formal review and approval by a senior member of the Staff Bank Team.

**Management Response and Action:**

The responsibility to maintain accurate and up to date authorisers for bank and agency spend lies in the service areas who should advise the Staff Bank of changes required to the list of authorisers and approvers as staff are appointed, terminate or change posts.

**ACTION**

- 1) The FOP will include instruction around maintaining up to date authorisers and approvers for bank / agency spend.
- 2) Communication to Site Directors / General Managers to instruct that any changes in service authorisers and / or approvers should be notified to the Staff Bank to be enacted.

**Responsibility:**

- 1) Assistant Director of Nursing
- 2) Assistant Director of Nursing

**Target date:**

- 1) By End September 2016
- 2) By End March 2016

**Control objective 5: Budget holders confirm the continued requirements for bank or agency staff on a regular basis.**

**5.1: There are no documented time limits for the continued use of bank and agency staff**

**Significant**

**Observation and Risk**

The FOP for Ordering Supplementary Staffing Resource states that supplementary staffing solutions should only be employed once all other options have been exhausted. This is agency staffing is more expensive than the use of established employees and for that reason they should be used only as a last resort and for as short a period as possible.

We reviewed the use of bank and agency staff from April 2015 (when the Allocate system was introduced). We found 215 instances where bank staff had been employed consecutively for more than 16 weeks; 17 of 215 (8%) had been employed for more than 30 weeks. There were 73 instances of agency staff being employed for 12 or more consecutive weeks with five (7%) of them employed for more than 30 weeks.

However, there is no general guidance in place which sets time limits for the use of bank and non-medical agency staff groups after which consideration of alternatives such as recruitment or temporary contracts should be evidenced or additional authorisation for the extended use of supplementary staffing should be required. Setting time limits would also provide an opportunity, where agency staff are being used, for the Staff Bank administrators to re-test the market to ensure the most economical solution was being achieved.

We noted that, in July 2015, the Medical Director wrote to all Associate Medical Directors and Clinical Directors to state that any extension to the use of agency medical locums beyond three months should be reviewed and authorised by the Medical Director. However, we found that no evidence of such additional authorisation is currently retained by NHS Lothian so we were unable to test whether this new control was operating effectively.

There is a risk that a lack of guidance around restrictions on the continued use of bank and agency staff may lead to services not fully considering and implementing more cost effective alternatives.

**Recommendation**

The FOP for Ordering Supplementary Staffing Resource should be updated to include guidance on reasonable time limits for the continued use of bank or agency staff. The Staff Bank should input end dates for bank or agency staff on the Allocate system to ensure that the additional authorisation for extended use is received.

NHS Lothian should retain evidence of the authorisation of extended use of medical agency locums beyond three months.

**Management Response and Action:**

- 1) The revised FOP will include reference to reasonable placement duration and escalation of authorisation for any extended placement

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| 2) The Staff Bank will highlight to Site Directors / General Managers / Professional Leads any placement exceeding 3 months<br>3) A SOP will be developed around the management of extended placements |
|--|

<b>Responsibility:</b>	<b>Target date:</b>
1) Assistant Director of Nursing 2) Service Manager (Staff Bank) 3) Service Manager (Staff Bank)	1) By End September 2016 2) From beginning March 2016 3) By end September 2016

<b>Control objective 6: Usage of bank and agency staff is monitored and used to inform recruitment decisions</b>	
<b>6.1: Lack of reporting about known areas for improvement in relation to use of bank and agency staffing</b>	<b>Important</b>
<p><b>Observation and Risk</b></p> <p>The Staff Bank provides both Finance and service areas with monthly information about the use of Bank and agency staff. The information is broken down by service area, directorate and at organisational level. The information includes hours worked, reason for booking and cost of providing the cover and should be used by budget holders and Finance to monitor expenditure on bank and agency staff and to agree actions to address any significant issues.</p> <p>The Board and Committees receive regular reports which provide detailed information on workforce trends and staffing pressures with proposals to mitigate any associated risks. The reports include updates on the use and cost of engaging bank and agency staff and what is being done to reduce the use of bank and agency staff.</p> <p>However, as noted within this report, employees in Staff Bank are aware of instances where agreed procedures are not followed when using agency staff, and there is no monitoring to confirm that management are regularly reviewing the requirement to keep using bank and agency staff. Our review of reports to the Board and Committees noted that matters such as these, and actions to improve practice, are not routinely reported.</p> <p>There is a risk that Committees are unable to provide effective challenge to management if reports are focused on financial and quantitative information only.</p>	
<p><b>Recommendation</b></p> <p>Management should review the information provided to the Board and Committees in relation to the management of the use of bank and agency staffing within NHS Lothian.</p>	
<p><b>Management Response and Action:</b></p> <p>1) Regular reporting to the Corporate Management Team should be re-established on a quarterly basis</p>	
<p><b>Responsibility:</b> Assistant Director of Nursing</p>	<p><b>Target date:</b> From April 2016</p>

## Appendix 1 - Definition of Ratings

### Management Action Ratings

Action Ratings	Definition
Critical	The issue has a material effect upon the wider organisation – 60 points
Significant	The issue is material for the subject under review – 20 points
Important	The issue is relevant for the subject under review – 10 points
Minor	This issue is a housekeeping point for the subject under review – 5 points

### Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)