



Part 6 – Post audit process

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Overview

1. The Agency audits listed providers (providers) to enable it to assess the quality and value of the services provided by providers that have been, or may be, paid for by the Agency.¹
2. This document describes the Agency's procedure for dealing with completed provider audits.

Legislation

3. The audit procedure is governed by section 78 of the Legal Services Act 2000.

Section 78 - Agency may audit listed providers

- (1) *The Agency may audit any listed provider at any time.*
- (2) *Every audit must be conducted by an auditor.*
- (3) *The purpose of the audit is to enable the Agency to assess the quality and value of the services provided by the listed provider that have been, or may be, paid for by the Agency.*

General

4. The Agency undertakes the following audit programmes:²
 - Random file audit programme - in which the Agency audits a random selection of completed files for compliance with legislative and contractual obligations
 - Quality and Value audit programme – in which the Agency audits a selection of providers and assesses their provision of legal services based on a review of a number of files
 - Special audits – in which the Agency initiates a special audit of a provider to determine whether the interests of the legal aid and other schemes, the interests of the public or the accountability of the Agency are being upheld.
5. The Agency will follow up with the provider, any issues raised during an audit.³ This may include, where appropriate, verifying the implementation of actions for improvement, and reporting and recording their completion.

Principles

6. The Agency will conduct post audit procedures in accordance with the following principles:
 - Fairness
 - Transparency

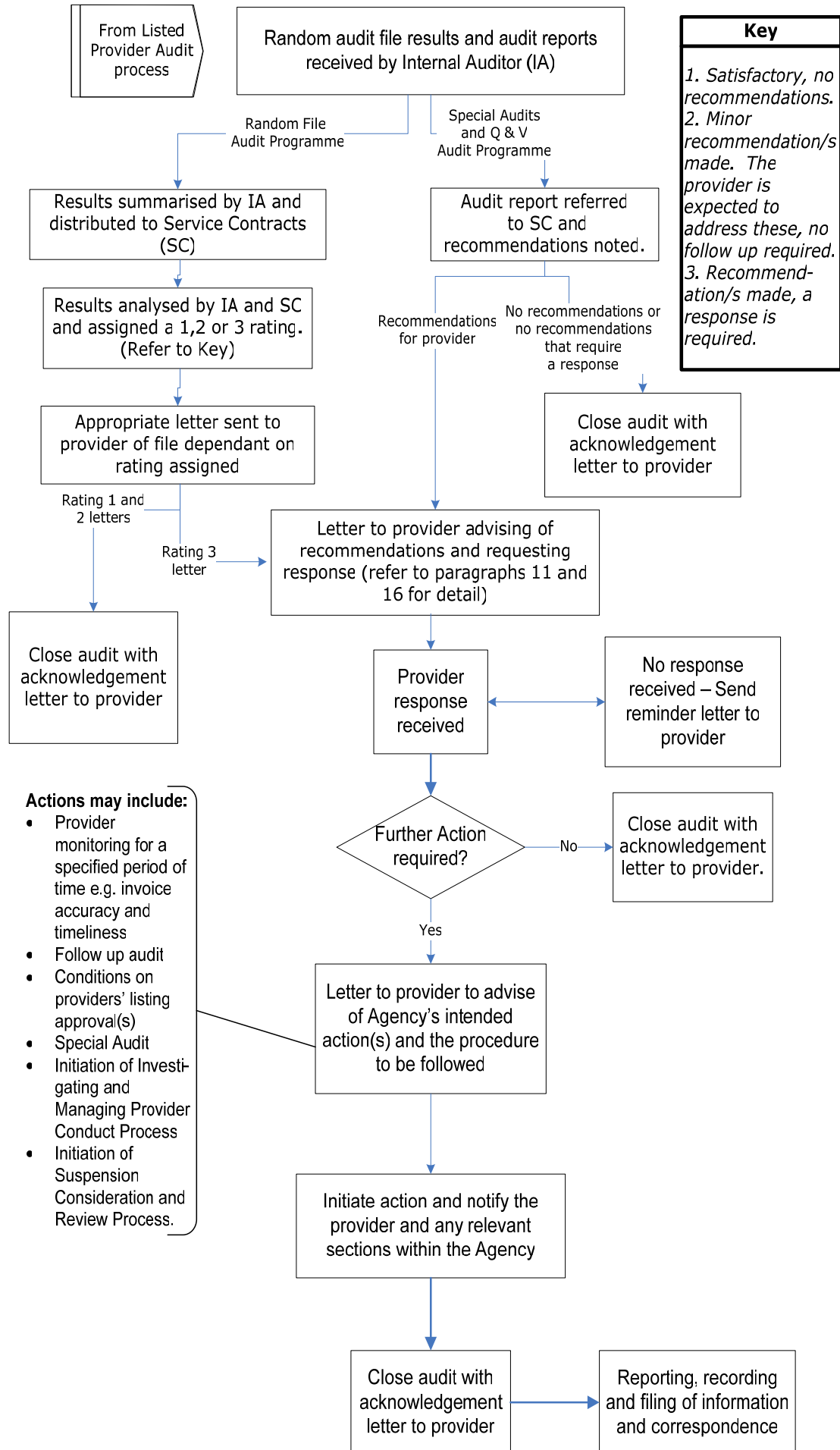
¹ The Agency will carry out all audit programmes in accordance with the *Listed Provider Audit Policy* (refer to Section 2, Part of the Legal Aid Provider Manual).

² The Agency may introduce subsequent audit programmes.

³ Service Contracts will contact the provider within 15-20 working days of receipt of any audit results.

- Consistency.
7. The following diagram provides an overview of the Post Audit Process. The initial stages of the Post Audit Process for the audit programmes differ. These are documented separately in paragraphs 8 - 16.

Post Audit Process



Random File Post Audit Process

8. The Internal Auditor will summarise the results of the random file audit.
9. The Internal Auditor and an Adviser Service Contracts will rate each audited file using a numbering system.
 - 1 = Satisfactory management of the file
 - 2 = Minor recommendation/s have been made by the Auditor. The provider is expected to address these, however no follow up is required.
 - 3 = Recommendation/s have been made by the Auditor and the provider is required to respond to the recommendation/s made.
10. The Internal Auditor will report the results to the Risk Management Committee.
11. Depending on the rating assigned to the file, the provider of the file will be sent one of the three following letters:
 - Rating 1 letter: advise that the Auditor found the management of the file to be satisfactory, the audit is now closed and thank the provider for their management of the file.
 - Rating 2 letter: advise of the recommendation/s made by the Auditor for future management of legal aid files, request these be addressed and advise that the audit is now closed and thank him/her for their management of the file.
 - Rating 3 letter: advise of the recommendation/s made by the Auditor and request the provider respond to the recommendation/s, notifying what actions, if any, s/he intends to take to address the recommendation/s and/or acknowledge steps already taken.

For continuation of the random audit file process go to paragraph 17.

Special and Quality and Value Post Audit Process

12. The Internal Auditor will receive the reports of these audit/s, compile an Audit Report Summary, and forward the summary and report to the Manager Service Contracts.
13. Service Contracts will analyse and note recommendations. Where further time is required to enable this analysis the provider will be advised accordingly.
14. Where the Auditor has made no recommendation/s the provider will be sent a letter advising that the audit is now closed and thanking him/her for their management of the files.
15. Where the Auditor has made recommendation/s that are minor and do not require a response, the provider will be sent a letter advising of the recommendation/s, requesting that these be addressed and that the audit is now closed.
16. Where the Auditor has made recommendation/s for the provider that require a response, a letter will be sent to the provider which will:
 - acknowledge completion of the audit
 - advise of recommendation/s made by the Auditor

- request the provider respond to the Auditor's recommendation/s, notifying what actions, if any, s/he intends to take to address the recommendation/s and/or acknowledge steps already taken.

This letter will be copied to the Internal Auditor.

Continuation of the Post Audit process for all audit types

17. If the provider does not respond within the timeframe provided, a reminder letter will be sent.⁴ Where appropriate, staff may also call the provider to request a response. If the Agency has not received a response after a reminder letter has been sent, the matter may be referred to the Investigating and Managing Provider Conduct process.
18. On receiving the provider's response the Agency will consider whether the provider:
 - has provided a reasonable explanation in relation to the recommendation/s
 - has provided details of any mitigating factors
 - has advised that s/he has taken steps to remedy the situation
 - has advised what steps s/he will take to remedy the situation
 - is required to provide further information.
19. Where the Agency decides, after considering the provider's response, that no further action is required the Agency will close the audit with a letter of acknowledgement to the provider. Where appropriate, the letter may advise the steps to be taken by the provider to address the audit recommendations.
20. Where the Agency decides that no further action is required but it would still like to check that the provider is continuing to address the auditor's recommendation/s, the Agency will organise this as appropriate.
21. If the Agency decides, after considering the provider's response, that further action is required the Agency will write to the provider advising of the action/s the Agency intends to take and the procedure to be followed. Further action could include, but is not limited to:
 - Provider monitoring for a specified period of time e.g. invoice accuracy and timeliness
 - Follow up audit
 - Conditions on the provider's listing approval/s
 - Special audit (if a special audit has not already been undertaken)
 - Initiation of the Investigating and Managing Provider Conduct process
 - Initiation of the Suspension Consideration and Review process.

From this stage onwards all correspondence between the provider and Service Contracts will be copied to the relevant Regional Manager. In the case of a

⁴ In most cases the normal timeframe to respond will be 10 working days, in accordance with the Agency's Contract for Services with the provider. However where appropriate the timeframe may be longer. Where a provider provides a reasonable explanation/s as to why s/he is unable to respond in the timeframe provided by the Agency, the Agency may set a new timeframe with the provider.

special audit, Service Contracts will also provide the relevant Regional Manager with a memo outlining the matter to date.

22. Service Contracts will initiate the action and notify any other relevant sections within the Agency, for example Corporate or Debt Management Group.
23. As audits are closed, the Agency will send an acknowledgment letter to the provider. In the case of special audits the letter may be copied to a complainant where the special audit was initiated by an external complaint.

Responsibilities

24. Internal Auditor

- summarises random audit file results and compiles Audit Report Summary (special and quality and value audits) and distributes to Manager Service Contracts
- works with Service Contracts to analyse random audit file results⁵
- receives and files information regarding audit programmes and results
- reports to the Risk Management Committee
- works with Service Contracts to publish audit programme results in LSA News.

25. Service Contracts

- analyses Auditor recommendation/s
- manages post audit correspondence with the provider
- assesses levels of monitoring and action required, where appropriate
- implements monitoring and action as required
- reports to the Internal Auditor, Regional Managers and complainant as required
- files copies of all information relating to the Post Audit Process on the provider's file and on the Post Audit File.⁶

Recording and Reporting

Documentation and Filing

26. A copy of all the information relating to the Post Audit Process will be kept on the provider's file and another copy will be placed on the Post Audit File.

Reporting

27. The Internal Auditor will report to the Risk Management Committee on a quarterly basis, the findings of any special audits and summaries of the results of other audit programmes on an annual basis.
28. Service Contracts will report to the Internal Auditor where action has been taken by the Agency as a result of a special audit.
29. In the case of other audit programmes Service Contracts will report to the Internal Auditor a summary of the results and of any action taken.

⁵ Where the Internal Auditor and Service Contracts are unable to agree on a rating for a random audit file, Service Contracts will make the final decision.

⁶ There is a post audit file for each audit programme each year held by Service Contracts.

30. Audit and post audit results may be published in the LSA News, in an anonymous format.