CROYDON

Final Internal Audit Report

Public Health Contracts – Governance

November 2024

Distribution: Assistant Chief Executive (Interim)

Director of Public Health (Interim)

Director of Commissioning, Policy & Improvement, Adult Social Care and Health (ASCH)

Head of Strategic Commissioning and Improvements (ASCH)

Strategic Commissioning Manager (Interim)

Head of Strategic Commissioning and Improvements (CYPE)

Strategic Lead Commissioner (CYPE)

Head of Finance (ASCH)

Public Health Consultants

Director of Finance (Deputy S151 Officer)

Corporate Director of Resources and S151 Officer

Assurance Level	Issues Identified	
Limited	Priority 1	0
	Priority 2	5
	Priority 3	1

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1. Introduction

1.1 According to research conducted by the King's Fund (2022), health inequalities are avoidable, unfair and systematic differences in health between different groups of people. Health inequalities can involve differences in:

- Health - how long a person lives and whether they have illness and disease;
- Access to care - availability of a given service to support their health;
- Quality and experience of care - levels of patient satisfaction;
- Behavioural risks to health - smoking or alcohol use, and
- Wider determinants of health - quality of housing or employment

1.2 Croydon is a diverse borough culturally, ethnically and economically. While the borough has areas of affluence and prosperity where health outcomes are better than the average for England, there are several areas of the borough which are among the most deprived in England. The Director of Public Health Report: Health Inequalities in Croydon (2022)[1] notes that the difference in life expectancy at birth between the most affluent and the most deprived areas in Croydon is 5.8 years for men and 6.2 years for women, with the report highlighting the health issues in various demographic groups across the borough for each age group.

1.3 The Council's Public Health Team has a duty to improve the health of the local population. To help the Council do this, they use data and information from a range of sources including the Office for National Statistics, NHS Digital, GP practices, clinical commissioning groups, pharmacies, hospitals and commissioned services to analyse the health needs and outcomes of the local population, monitor trends and patterns of disease and the associated risk factors. Based on these needs and outcomes, the Council has multiple contracts in place with various authorities and organisations to tackle issues such as teenage pregnancy, obesity, low life expectancy, etc.

1.4 At the time of the internal audit, the Council held 26 Public Health contracts within the Adult Social Care and Health (ASCH) and 20 Public Health contracts within the Children, Young People and Education (CYPE) directorates. Both directorates held an agreed Service Level Agreement with the Public Health team which assigned responsibilities in relation to the management and commissioning of services that receive Public Health funding.

1.5 Whilst the review and testing were performed remotely, the relevant documents required to complete the review (other than where records that were held by separate directorates were not provided due to a lack of engagement) were obtained.

1.6 This audit was undertaken as part of the agreed Internal Audit Plan for 2023/24. The objectives, approach and scope are contained in the Audit Terms of Reference at Appendix 1.

[1] https://www.croydon.gov.uk/sites/default/files/2022-12/public-health-report-2022-full-report.pdf

2. Key Issues

2.1 The key issues identified are as below:

Priority 2 Issues
The Council did not have documented policies/procedures, which outlined the governance control framework for the monitoring and management of the Public Health contracts. **(Issue 1)**
An up-to-date Contract Register was not provided to us by the Procurement Team as a part of this review. As such, Internal Audit was unable confirm that all Public Health Contracts were captured in it. **(Issue 2)**
Local contract registers for ASCH and CYPE were neither updated, signed or dated by the delegated Lead Commissioners. Both ASCH and CYPE contract registers were incomplete with details of contract tenure, value and owners of such contracts. **(Issue 3)**
Both ASCH and CYPE did not have Public Health Contract risk registers to capture all relevant risks and mitigating actions relating to these contracts. **(Issue 4)**
As at 31 January 2024, a reporting framework relating to the Public Health contracts was not in place. **(Issue 5)**

The Priority 3 issue is included under item 4 below.

3. Actions and Key Findings/Rationale

Control Area 1: Regulatory, Organisational and Management Requirements

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1
2	Public Health Consultants have agreed to undertake a review of the Service Level Agreements across all departments. This work will start in Sept 24 and is expected to take six months to realise full implementation of recommendations.	**Expected Control** Documented policies/procedures are in place, which outline the governance control framework for the monitoring and management of the public health contracts. These policies/procedures define a standard approach to contract management of public health contracts across all teams. **Finding/Issue** Examination of Service Level Agreements (September 2023) between ASCH, CYPE, and Public Health Services confirmed that these outlined who was responsible for different areas of public health contracts between the directorates (ASCH, CYPE, etc) and Public Health. However, as advised by the Head of Strategic Commissioning and Improvement for ASCH and Strategic Lead Commissioner for CYPE, policies and procedures defining the ownership and accountability and the processes of managing contracts (such as in-contract changes, maintaining and updating contract registers and reporting contractual changes/ service performance to wider teams/ stakeholders) were not documented in the SLA or elsewhere. Furthermore, a consistent/ standardised approach to managing such contracts was not adopted by the above teams. **Risk** Where policy and procedure documents for the management of Public Health contracts are not in place, there is a risk that members of staff responsible for the management of these contracts are unaware of their responsibilities and do not meet the expected

Responsible Officer	Deadline	
Director of Public Health	March 2025	standards of contract management. This could lead to inconsistent approaches being adopted across departments, inefficiencies and possible delays in the provision of services during periods of staff turnover.

Control Area 2: Ownership and Accountability

<table>
<tr><th>Priority</th><th>Action Proposed by Management</th><th>Detailed Finding/Rationale – Issue 2</th></tr>
<tr><td rowspan="2">2</td><td>The centralised contract register for the Council (Oxygen) is now accurate in relation to the directly funded Public Health contracts e.g. Sexual Health, Healthy Behaviours, Substance Misuse.

However, some work is required in order to establish the breadth of contracts supported by Public Health funding within other departments. This is ongoing and will be finalised once the SLA work (as per description in Issue 1 above) is complete.</td><td rowspan="2">Expected Control

The centralised contract register for the Council captures all details of the public health contracts such as service provider details, ownership, payment terms and directorate. Public Health have oversight over public health contracts held within the register.

Finding/Issue

Internal Audit were informed that a centralised contract register was held by the Procurement team, which outlined each of the contracts held by the Council and indicated the directorate that these related to. However, although requested, the Public Health team did not provide a copy of the register and therefore assurance of public health oversight of these contracts cannot be given.

(It should also be noted that, while Public Health directed Internal Audit to obtain a copy of the register from Procurement, Procurement did not provide a copy of the contract register either.)

Risk

Where a centralised Contract Register is not in place and shared, there is a risk that those tasked with the governance of the various directorates (including Public Health) will not hold sufficient oversight of agreed contracts and the Council’s agreed procurement process may not be followed for such contractual arrangements.</td></tr>
<tr><td><table>
<tr><th>Responsible Officer</th><th>Deadline</th></tr>
<tr><td>Director of Public Health</td><td>March 2025</td></tr>
</table></td></tr>
</table>

Control Area 3: Change Control Ownership

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 3
2	This work will be able to be properly documented once the work relating to Issues 1 & 2 is complete.	**Expected Control** Local contract registers (including ASCH and CYPE) are in place, which are regularly updated by the delegated lead commissioners. As a form of best practice, a Contract Manager should be assigned to each contract procured, with the manager accountable for managing the day-to-day delivery of a contract and its maintenance. **Finding/Issue** Local contract registers maintained by ASCH and CYPE were confirmed to be in place, as follows: • The Head of Strategic Commissioning and Improvements for ASCH confirmed that a local contract register was held (in the form of a manually produced excel spreadsheet) in a shared MS Teams channel which could be accessed by the ASCH Public Health Team. Internal Audit were informed that while lead commissioners were reminded by the Head of Strategic Commissioning and Improvements for ASCH to update the excel spreadsheet for their respective contracts, this was not formally documented to evidence compliance. • The Strategic Lead Commissioner for CYPE confirmed a manual local contract register was held, with a column introduced to allow for each lead commissioner to sign once they have updated it with information about their assigned contracts. However, this column did not allow for the date of these updates to be recorded. A review of the most recent CYPE and ASCH Contract Registers, detailing 20 and 26 contracts respectively, including those relating to Public Health, (December 2023) identified:

Responsible Officer	Deadline
Director of Public Health	March 2025

- For two CYPE contracts, no indication of the contract being reviewed by the Lead Commissioner was recorded; and
- For two CYPE contracts, the member of staff who updated the contract was different to the assigned Lead Commissioner.
- One ASCH contract did not have an assigned Lead Commissioner;
- Six CYPE contracts did not have an assigned Lead Commissioner; and
- Four contract entries of ASCH included within the Contract Register were not fully completed with either the Current Contract Value or Current Contract End Date sections left incomplete.

Risk

Where local contract registers are not regularly reviewed, there is a risk that information contained within these registers may not be accurate or complete. This in turn could lead to insufficient oversight of contract progression or disrupt future business continuation.

Control Area 4: Risk Management

<table>
<tr><th>Priority</th><th>Action Proposed by Management</th><th>Detailed Finding/Rationale - Issue 4</th></tr>
<tr><td rowspan="2">2</td><td rowspan="2">There is now a weekly business meeting which has been implemented in the last two months.

The function of this is to ensure good corporate processes and the management of risk comes within its remit.

Corporate risk will become a standing item on a quarterly basis.</td><td rowspan="3">Expected Control

Contract risks should be identified, logged and maintained through the corporate risk register. Thes register should clearly define the risks assigned and be regularly reviewed by an accountable officer (as per the corporate risk management Policy).

Finding/Issue

A review of the Council’s Corporate Risk Register confirmed that two risks associated with Public Health Contracts were assigned to the Director for Public Health, PH0002: Ongoing Challenge to the Multi-Agency Approach to the immunisation programme, and PH0007: Widening health inequalities. These two risks were last reviewed in February 2022 and were due to be reviewed by 8 January 2024. However, Internal Audit confirmed that both risks had not been reviewed at the time of audit (31 January 2024). Internal Audit were informed that this was due to capacity issues within the team.

Risk

Where contract risks are not reviewed, monitored and updated through the Council’s Corporate Risk Register, it could lead to those risks not being mitigated effectively resulting in poor performance of those contracts.</td></tr>
<tr><td><table><tr><th>Responsible Officer</th><th>Deadline</th></tr><tr><td>Director of Public Health</td><td>March 2025</td></tr></table></td></tr>
</table>

Control Area 5: Monitoring and Oversight

<table>
<tr><th>Priority</th><th>Action Proposed by Management</th><th>Detailed Finding/Rationale - Issue 5</th></tr>
<tr><td rowspan="2">2</td><td>This work correlates with issues 1 & 2 as well as the Public Health business meeting.

A reporting framework is currently being developed using the intelligence and understanding gathered from the SLA and contract registers. Once these are in place, the framework should be appropriate.</td><td rowspan="2">Expected Control

A robust reporting framework in place to provide oversight of the performance and progression of public health contracts to relevant senior management. Reporting incorporates, but is not limited to, the following:

• A breakdown of contracts due to expire and the subsequent position of these within the commissioning cycle; and
• An overview of contract performance and monitoring of remedial actions where identified.

Issue/Finding

The Director of Public Health confirmed that at the time of audit, a reporting framework relating to the public health contracts was not in place. She did, however, explain that monthly pipeline meetings were held between Public Health and the associated Directorates to discuss public health contracts outlined within the ASCH and CYPE contract pipelines, including the position of these within the Commissioning cycle. During these meetings, the Director of Public Health would provide the associated Directorates the opportunity to provide updates regarding the potential extension of contracts and any particular aspects of poor performance. While the testing of calendar invites for the meetings confirmed that these meetings took place, action points from the meetings were not formally recorded or monitored.

Risk

Where a robust reporting framework is not in place, there is a risk that those tasked with the governance of the Public Health function are not properly aware of potential issues relating to funded contracts. This in turn could lead to insufficient oversight and delayed reassignment of key resources to mitigate poor performance.</td></tr>
<tr><td><table><tr><th>Responsible Officer</th><th>Deadline</th></tr><tr><td>Director of Public Health</td><td>March 2025</td></tr></table></td></tr>
</table>

4. Priority 3 Issue

Agreed Action	Findings
Control Area 4: Risk Management **Action proposed by management:** Again, this correlates with existing work detailed above. **Responsible Officer:** Director of Public Health	**Expected Control** As best practice, both ASCH and CYPE have Public Health Contract Risk Registers which capture all relevant risks and mitigating actions relating to such contracts and are discussed regularly with the Public Health team. Such risks align with the relevant risks in the Council's Corporate Risk Register. **Finding/Issue** The Heads of Strategic Commissioning and Improvement for ASCH and CYPE confirmed that a local risk registers for Public Health Contracts were not in place for either department. We were informed that a localised risk register template was introduced within the Council, with all departments requested to adopt and populate this template with corresponding risks identified. However, we confirmed that these registers were not populated at the time of the audit (31 January 2024). The Strategic Lead Commissioner for CYPE confirmed that while a localised risk register was not introduced due to resource constraints, a monthly contract review was completed for contracts identified as holding a high-risk level by the Council. As of 31 January 2024, this included an overview for the Public Health Nursing Contract held by CYPE. However, while examination of the Contract Assurance reporting presentation confirmed that this included mitigating actions introduced to reduce the risk level, monitoring of the mitigating actions was not formally document outside of meeting discussions. **Risk** Where directorates do not have in place a complete localised risk register which outlines owners and associated mitigating actions, it could lead to risks not being identified and monitored efficiently. Additionally, this could impact resource allocation

Deadline: March 2025	as top priorities are not effectively identified. This could further lead to areas of poor performance not identified in a timely manner or allows the directorate to continue operating in a high-risk environment.

Appendix 1

AUDIT TERMS OF REFERENCE

Public Health Contracts – Governance

1. INTRODUCTION

1.1 Health inequalities are avoidable, unfair and systematic differences in health between different groups of people. Health inequalities can involve differences in:

- Health, for example, how long a person lives and whether they have illness and disease;
- Access to care, for example, availability of a given service to support their health;
- Quality and experience of care, for example, levels of patient satisfaction;
- Behavioural risks to health, for example, smoking or alcohol use; and
- Wider determinants of health, for example, quality of housing or employment (The King's Fund, 2022).

1.2 Croydon is a diverse borough culturally, ethnically and economically. While the borough has areas of affluence and prosperity where health outcomes are better than the average for England, there are several areas of the borough which are among the most deprived in England. The difference in life expectancy at birth between the most affluent and the most deprived area in Croydon is 5.8 years for men and 6.2 years for women. The Council produced a report in 2022 on Health Inequalities in Croydon highlighting the health issues in various demographic groups across the borough for each age group.

1.3 The Council's Public Health Team has a duty to improve the health of the local population. To help the Council do this, they use data and information from a range of sources including the Office for National Statistics, NHS Digital, GP practices, clinical commissioning groups, pharmacies, hospitals and commissioned services to understand more about the nature and causes of disease and ill health and the health and care needs in our local population.

1.4 The Public Health Team accesses health and related information to analyse the health needs and outcomes of the local population, monitor trends and patterns of disease and the associated risk factors. Based on these needs and outcomes, the Council has multiple contracts in place with various authorities and organisations to tackle problems such as teenage pregnancy, obesity, low life expectancy, etc.

1.5 This audit was part of the agreed Internal Audit Plan for 2023/24.

2. OBJECTIVES AND METHOD

2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.

1.2 The audit for each control / process being considered:

- Walkthrough the processes to consider the key controls;

- Conduct sample testing of the identified key controls, and
- Report on these accordingly.

3. SCOPE

3.1 This audit focused on Public Health Contract Governance, was undertaken as part of the 2023/24 Internal Audit Plan. The specific scope included the following areas and identified issues:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	0	1	0
Ownership and accountability	0	1	0
Change Control Management	0	1	0
Risk Management	0	1	1
Monitoring and Oversight	0	1	0
Total	**0**	**5**	**1**

Appendix 2

Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

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

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Appendix 3

Statement of Responsibility

We take responsibility to London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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