

# Final Internal Audit Report

## Contract Governance of the One Croydon Alliance Programme

April 2019

**Distribution:** Executive Director Health Wellbeing & Adults  
 Director of Alliance Programme  
 Head of Contracts and Performance (One Croydon)

Assurance Level	Recommendations Made	
<b>Substantial Assurance</b>	Priority 1	0
	Priority 2	6
	Priority 3	1

### Confidentiality and Disclosure Clause

This report ("Report") was prepared by Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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## 1. Introduction

- 1.1 The One Croydon Alliance Programme is a partnership between the following organisations:
- Croydon Council;
  - Croydon Clinical Commissioning Group (CCG);
  - Croydon GP Collaborative (CGPC);
  - Age UK Croydon;
  - Croydon Health Services NHS Trust; and
  - South London and Maudsley Mental Health Trust (SLaM).
- 1.2 The One Croydon Alliance vision is to integrate health and social care, and to achieve this through all partners coming together to provide high quality, safe, seamless and personalised care for the older people of Croydon that supports them to stay well and independent.
- 1.3 Services provided under the One Croydon Alliance Programme consist of 'directly delivered services' (provided by members of the Alliance) and 'non-directly delivered services' (provided by third party organisations).
- 1.4 The One Croydon Contract and Performance Management Model sets out required governance arrangements. The Contract and Performance Management Group is responsible for ensuring that services are delivered in a satisfactory manner and provide good outcomes for service users and good value for money.
- 1.5 This audit was undertaken as part of the agreed Internal Audit Plan for 2017/18.

## 2. Key Issues

Priority 2 Issues
Full terms of reference for the new One Croydon Alliance Strategic Development Board and Delivery Board had not yet been written and agreed. <b>(Issue 1)</b>
The One Croydon Alliance Contract Map had not been fully completed. <b>(Issue 2)</b>
The Adult Social Care Service Level Agreement had not been updated since April 2017 and did not reflect the recent restructuring of the Council. <b>(Issue 3)</b>
The One Croydon Contract and Performance Management Model had not yet been fully completed and approved by the Contract and Performance Management Group. <b>(Issue 4)</b>
One of the contracts examined (Age UK Croydon) only contained one key performance indicator. The quarterly monitoring tool for the Reablement North contract was incomplete. <b>(Issue 5)</b>

The One Croydon Alliance Outcomes Dashboard did not contain information on all Alliance contracts and did not include any financial information. **(Issue 6)**

One Priority 3 issue is included under item 4 below.

**3. Actions and Key Findings/Rationale**

<b>Control Area 1: Governance Structure – Terms of Reference for New Governance Boards</b>	
<b>Priority</b>	<b>Action Proposed by Management</b>
2	<p>The first Strategic Development Board was held on 6<sup>th</sup> December 2018 and Terms of reference were confirmed. The final set will be agreed at the next SDB on the 31<sup>st</sup> January.</p> <p>The first delivery board is on the 24<sup>th</sup> January and ToR will be confirmed here. Both ToRs can be circulated following these meetings.</p>
	<p><b>Detailed Finding/Rationale – Issue 1</b></p> <p>Agreed terms of reference help to ensure that governance boards are fit for purpose and work efficiently and effectively.</p> <p>It was established that the top tier governance structure for the One Croydon Alliance has recently been reviewed. Summary terms of reference for the new Strategic Development Board and Delivery Board have been produced. The new Delivery Board is due to have its first meeting in January 2019, and the new Strategic Development Board is due to have its first meeting in December 2018. However, it was noted that full terms of reference for these two new boards have not yet been written and agreed.</p> <p>Where governance boards do not have agreed terms of reference, there is a risk that they may act in an inconsistent manner and fail to achieve their objectives.</p>
<b>Responsible officer</b>	<b>Deadline</b>
Director of Alliance Programme	8 <sup>th</sup> February 2019

<b>Control Area2: Contracts and Contract Conditions – One Croydon Alliance Contract Map</b>					
<b>Priority</b>	<b>Action Proposed by Management</b>				
2	<p>The contract map data referred to will be removed, as this is held locally in organisations. The CPMG agreed this approach on the 8<sup>th</sup> January 2019.</p>				
	<table border="1"> <thead> <tr> <th><b>Responsible officer</b></th> <th><b>Deadline</b></th> </tr> </thead> <tbody> <tr> <td>Head Of Contracts and Performance - One Croydon</td> <td>30<sup>th</sup> January 2019</td> </tr> </tbody> </table>	<b>Responsible officer</b>	<b>Deadline</b>	Head Of Contracts and Performance - One Croydon	30 <sup>th</sup> January 2019
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Head Of Contracts and Performance - One Croydon	30 <sup>th</sup> January 2019				
	<p><b>Detailed Finding/Rationale – Issue 2</b></p> <p>The One Croydon Contract and Performance Management Model sets out the required contents of the Contract Map and states that the Contract Map must be kept up to date.</p> <p>Examination of the One Croydon Alliance Contract Map (version 3) identified that information required by the Contract and Performance Management Model was not fully provided for most of the 64 contracts listed. For example, the contract term, contract start and end dates and name of the contract manager have not yet been entered in many cases.</p> <p>Where the Contract Map is not fully completed, there is a risk that the Contract and Performance Management Group may not have sufficient information when discussing commissioning strategies and re-procurements.</p>				

<b>Control Area 2: Contracts and Contract Conditions – Adult Social Care SLA</b>		<b>Detailed Finding/Rationale – Issue 3</b>
<b>Priority</b>	<b>Action Proposed by Management</b>	<p>The Adult Social Care Service Level Agreement (SLA) sets out the roles and responsibilities of the Council's commissioner and provider functions regarding Adult Social Care, thereby enabling the two functions to fulfil their respective obligations within the Croydon Health and Care Alliance Agreement.</p> <p>Examination of the SLA document signed in April 2017 identified that it does not reflect the recent restructuring of the Council and did not refer to the Service Operations Manual (SOM) for Out of Hospital Care. Information on service values relates to 2016/17 and is now out-of-date. It was established that draft amendments to the SLA document have been made by the Head of Contracts and Performance, but the document has not yet been reviewed by the Council's commissioner function and provider function.</p> <p>Where the Adult Social Care SLA is not up-to-date, there is a risk that monitoring of the SLA may be ineffective, resulting in possible failure to achieve Alliance objectives.</p>
2	The SLA will be updated to reflect current service delivery.	
<b>Responsible officer</b>	<b>Deadline</b>	
Head of Commissioning and Procurement Adult Health and Integration	31 <sup>st</sup> March 2019	

<b>Control Area 3: Performance Monitoring and Quality Control – Contract and Performance Management Model</b>	
<b>Priority</b>	<b>Action Proposed by Management</b>
2	<p>Tier 2 governance will be completed by the end of March 2019. The remaining pages will be completed by the end of April 2019.</p>
	<p><b>Detailed Finding/Rationale – Issue 4</b></p> <p>The front page of the One Croydon Contract and Performance Management Model states that the document "sets out the approach, operating processes and governance for contract and performance management for the One Croydon Alliance".</p> <p>Examination of version 2.10 of the Contract and Performance Management Model established that it is substantially complete, but a few pages require completion e.g.</p> <ul style="list-style-type: none"> <li>- Tier 2 Governance Structure</li> <li>- Dashboard (Metrics Reporting)</li> <li>- Market Management</li> <li>- Supplier Relations</li> </ul> <p>Where the Contract and Performance Management Model is incomplete, there is a risk that Alliance objectives may not be achieved.</p>
	<p><b>Responsible officer</b></p> <p>Head Of Contracts and Performance - One Croydon</p>
	<p><b>Deadline</b></p> <p>30<sup>th</sup> April 2019</p>



<b>Control Area 3: Performance Monitoring and Quality Control – Identification and Monitoring of KPIs</b>						
<b>Priority</b>	<b>Action Proposed by Management</b>	<b>Detailed Finding/Rationale – Issue 5</b>				
2	This service specification has been amended to include new KPIs, this is waiting for Director sign-off.	<p>The One Croydon Contract and Performance Management Model states that performance outcomes and indicators should be linked to the One Croydon Outcomes and relevant SOM (Service Operations Manual) objectives.</p> <p>Examination of the Age UK Croydon contract identified that it does not contain a Key Performance Indicator (KPI) section. The 'Local Quality Requirements' section of the contract refers to a single target, which was that the total number of individuals receiving support was to be 9,000 per annum. The contract document does not provide a breakdown of this target number by type of support. Furthermore, this is an output indicator and not an outcomes or benefit indicator.</p> <p>Where KPIs for individual contracts are inadequate, there is a risk that poor or deteriorating performance in the relevant service areas may not be identified and rectified in a timely manner.</p>				
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Director of Alliance Programme / Head Of Contracts and Performance - One Croydon	30 <sup>th</sup> March – Service Specification					

<b>Control Area 4: Management Reporting – Monthly Outcomes Dashboard Report</b>					
<b>Priority</b>	<b>Action Proposed by Management</b>				
2	<p>Following the in-depth economic review, One Croydon Strategic Development Board will consider options for financial reporting and agree a format to be used in the Dashboard. This should be completed by the end of April 2019.</p>				
	<p><b>Detailed Finding/Rationale – Issue 6</b></p> <p>The One Croydon Alliance Contract and Performance Management Model requires a Monthly Outcomes Dashboard report to be produced, detailing a top layer of business objectives and key system risk indicators, and further layers of KPIs for individual services.</p> <p>It was established that the Monthly Outcomes Dashboard report does not include any financial information. It was explained that the Dashboard was not meant to provide detailed information on services contracts for the Alliance and that it was the responsibility of individual commissioners to manage the performance of the services contracts.</p> <p>Without the Monthly Outcome Dashboard providing more detailed information, senior managers do not manage oversight and there is a risk that, where individual commissioners do not manage performance as expected, that this is not detected in a timely manner. Furthermore, where the report does not include a financial summary, there is a risk that the financial context to One Croydon Alliance operations may not be understood.</p>				
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Head Of Contracts and Performance - One Croydon	N/A				

4. Priority 3 Issue

<b>Action Proposed by Management</b>	<b>Findings</b>
<p>1) A decision has been taken to stop using Aspyre for this purpose and to revert to taking actions and noting them on a spreadsheet.</p>	<p>Monitoring of actions decided by the Contract and Performance Management Group helps to ensure that the Group is effective and fully assists achievement of Alliance objectives.</p> <p>It was established that action points arising from Contract and Performance Management Group meetings are monitored on Aspyre software. Examination of action points entered on Aspyre identified that many are shown as outstanding and have red RAG status because the completion dates of these have not been entered.</p> <p>Where completed actions are not shown as completed on Aspyre, there is a risk that the monitoring of outstanding actions may be cumbersome and ineffective.</p>

## TERMS OF REFERENCE

### Contract Governance of the One Croydon Alliance Programme

#### 1. INTRODUCTION

- 1.1 The One Croydon Alliance Programme is a partnership between Croydon Clinical Commissioning Group (CCG), Croydon Council, Croydon GP Collaborative CGPC, Age UK, Croydon Health Services NHS Trust and South London and Maudsley Mental Health Trust (SLaM).
- 1.2 The commissioner and provider led programme is aimed to transform health and social care services provided to the over 65's within the London Borough of Croydon. It was agreed at the Alliance Board on 14 December 2017 to extend service provision to the whole population (i.e. all other health contracts in the 0 to 65 age group) due to the success of the programme with over 65's.

#### 2. OBJECTIVES AND METHODOLOGY

- 2.1 The overall audit objective is to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 4.1 The audit will for each controls / 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 examined the Council's arrangements for the following areas relating to the One Croydon Alliance Programme (with number of recommendations made in each area):

Control Areas/Risks	Recommendations Made		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Governance Structure	0	1	0
Contracts and Contract Conditions (including variations)	0	2	0
Performance Monitoring and Quality Control	0	2	1
Management Reporting	0	1	0
Finance Control	0	0	0
<b>Total</b>	<b>0</b>	<b>6</b>	<b>1</b>

## DEFINITIONS FOR AUDIT OPINIONS AND RECOMMENDATIONS

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 consistently 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 which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and/or non-compliance that puts achieving the system objectives at risk.
	No Assurance	Controls are non-existent or weak and/or there are high levels of non-compliance, leaving the system open to the high risk of error or abuse which could result in financial loss and/or reputational damage.

Priorities assigned to recommendations are based on the following criteria:

<b>Priority 1 (High)</b>	Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk.
<b>Priority 2 (Medium)</b>	Control weakness that represent an exposure to risk and require timely action.
<b>Priority 3 (Low)</b>	Although control weaknesses are considered to be relatively minor and low risk, action to address still provides an opportunity for improvement. May also apply to areas considered to be of best practice.

## STATEMENT OF RESPONSIBILITY

We take responsibility to the 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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