

# Final Internal Audit Report

## South London Work and Health Partnership (SLWHP)

April 2019

**Distribution:** Executive Director of Place (Final only)  
 Director of Economic Growth  
 Head of Employment and Skills Delivery  
 Work and Health Programme Manager  
 Work and Health Programme Officer

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

### 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 On 30 January 2017, the Secretary of State for Work & Pensions announced the devolution of the new Work and Health Programme in London, to be commissioned through four sub-regional contracts.
- 1.2 The £14 million South London Partnership programme – known as *Better Working Futures* – is being delivered by Reed in Partnership with Croydon Council as the accountable body.
- 1.3 The programme commenced in March 2018 with an initial life span of five years with the aim of supporting people with any health problems or disabilities secure a job.
- 1.4 The project is being funded by the European Social Fund (ESF) and the Department of Work and Pensions (DWP).
- 1.5 This audit was undertaken as part of the 2018/19 audit plan.

## 2. Key Issues

### Priority 2 Issues

Although a number of marketing / awareness initiatives were in place, there was no overarching marketing or awareness plan. (**Issue 1**).

The monthly management information reports did not detail the targets the outcomes service standards were being reported against and some of the outcomes service standards reported could not be easily reconciled to the base data, (**Issue 2**).

Some of the quarterly DWP and ESF grant claims had not been submitted on the due date. (**Issue 3**).

### 3. Actions and Key Findings/Rationale

<u>Control Area 1: Legislative, Organisational and Management Requirements</u>	
<b>Priority</b>	<b>Action Proposed by Management</b>
2	<p>The Provider has been tasked with putting together a more comprehensive comms plan to include a forward plan of events, newsletters, case studies, etc. to be shared with all relevant stakeholders. In addition, the CM team has set up a cloud space and calendar for borough leads and the provider to share details of events and localised comms. This will help identify any gaps in marketing/awareness raising.</p>
	<p><b>Detailed Finding/Rationale – Issue 1</b></p> <p>In order to help maximise take up of the better working futures programme, it is key that eligible individuals, as well as all those Council staff that come into contact with these individuals, are aware of the programme and how to take it up.</p> <p>Discussions with the Work and Health Programme Manager confirmed that, while a number of marketing / awareness initiatives had been implemented, (including the use of the Better Futures and partner Council websites, leaflets, training, the Box Park launch, liaison with relevant parties within each Council), an overarching marketing or awareness plan was not in place.</p> <p>Where an overarching marketing or awareness plan is not in place, there is a risk that any gaps or omissions may not be easily identified.</p>
<b>Responsible officer</b>	<b>Deadline</b>
Work & Health Programme Manager	31.03.19

<b>Control Area 2: Contract Assurance</b>		<b>Detailed Finding/Rationale – Issue 2</b>
<b>Priority</b>	<b>Action Proposed by Management</b>	<p>Part C of Schedule 3 of the contract with REED details that, 'Within ten (10) Working Days of the end of each Month, the Provider shall provide a report to the Lead Authority which summarises the performance by the Provider against each of the Service Standards ("Monitoring Report"). The form of the report shall be agreed between the Parties.' Schedule 2 of the contract with REED includes the outcome service standards.</p> <p>It was confirmed that since August 2018 the provider has been providing monitoring reports to the Council. Examination of these reports confirmed that, while these reported on each of the outcome service standards, these did not detail the target that these outcomes service standards were being reported against.</p> <p>Furthermore, in some cases it was difficult to reconcile the outcome service standards being reported to the base data. For instance, 'failure to attend within 10 working days' was detailed as 0% whereas the base data for the period detailed some instances where individuals had not attended within 10 working days.</p> <p>Where monitoring reports do not detail the target outcomes service standards it is not readily evident whether the performance reported is meeting these targets and where the outcome service standards reported do not easily reconcile to the base data, there is a risk that that these are being incorrectly reported.</p>
2	<p>Internal audit reviewed an early version of the Reed MI Report (the November version featuring November data).</p> <p>Since then the Contract Management Team have undertaken detailed reviews of both the January and February MI Reports in terms of both the basic data quality in relation to individual participant records and how the KPIs are being calculated/expressed in relation to the KPI definitions and targets agreed within the contract.</p> <p>Issues identified have been provided in writing to Reed for consideration and resolution by the Business Analysts who compile the reports. At the time of writing a response is awaited. Further discussion to finalise the MI Reports will take place at a monthly Contract Management Meeting (scheduled for 28.03.19).</p>	
<b>Responsible officer</b>	<b>Deadline</b>	
Work & Health Programme Manager/ Work & Health Programme Manager	30.04.19	

<b><u>Control Area 4: Payment and Collection</u></b>					
<b>Priority</b>	<b>Action Proposed by Management</b>				
2	<p>A timetable setting out when DWP returns and ESF claims are due has been set up to ensure these quarterly documents are completed and submitted in a timely manner.</p>				
	<p><b>Detailed Finding/Rationale – Issue 3</b></p> <p>The Memorandum of Understanding (MOU) with the Department for Work and Pensions (DWP) details that the claim submission time for the year end claim is by 31 May 2018 at the latest (paragraph 16) and for the quarterly claims to be within a month of the quarter ending, (paragraph 28.) The European Social Fund (ESF) claims guidance paragraph 3.04 details that, 'Claims are to be submitted for each MOU, via ECLAIMS, using the ESF Claim Form, which includes the Dual Forecast and Submission Form within 60 calendar days of the end of the preceding Claim Instalment Period.'</p> <p>Examination of the claim submission documentation for 2018 found that these were either submitted late or on the deadline date, as follows:</p> <ul style="list-style-type: none"> <li>- DWP claim submissions: The quarter 2 claim was dated 31 October 2018, (due on the same day).</li> <li>- ESF claim submissions: The quarter 2 claim was dated 31 August 2018 (due 29 August 2018) and the quarter 3 claim was dated 29 November 2018 (due on the same day).</li> </ul> <p>Where claims are not submitted by the required deadlines, there is a risk that these claims may not be honoured.</p>				
	<table border="1"> <thead> <tr> <th><b>Responsible officer</b></th> <th><b>Deadline</b></th> </tr> </thead> <tbody> <tr> <td>Work &amp; Health Programme Manager</td> <td>Complete</td> </tr> </tbody> </table>	<b>Responsible officer</b>	<b>Deadline</b>	Work & Health Programme Manager	Complete
<b>Responsible officer</b>	<b>Deadline</b>				
Work & Health Programme Manager	Complete				

## TERMS OF REFERENCE

### South London Partnership - Work & Health Programme

#### 1. INTRODUCTION AND BACKGROUND

- 1.1 On 30 January 2017, the Secretary of State for Work & Pensions announced the devolution of the new Work and Health Programme in London, to be commissioned through four sub-regional contracts.
- 1.2 The £14 million South London Partnership programme – known as *Better Working Futures* – is being delivered by Reed in Partnership with Croydon Council as the accountable body.
- 1.3 The programme commenced in March 2018 with an initial life span of five years with the aim of supporting people with any health problems or disabilities secure a job.
- 1.4 The project is being funded by the European Social Fund (ESF) and the Department of Work and Pensions (DWP).
- 1.5 This audit is being undertaken as part of the agreed Internal Audit Plan for 2018/19.

#### 2. OBJECTIVES AND METHODOLOGY

- 2.1 The overall audit objective is to provide an independent review on the adequacy and effectiveness of the control environment relating to South London Partnership Work & Health Programme.
- 2.2 In order to achieve the overall objective, a risk based systems audit approach will be carried out, documenting and evaluating the actual controls against those expected and based on this, undertaking appropriate testing.
- 2.3 The key findings, conclusions, and subsequent issues arising will be presented at an exit meeting and followed by the circulation of a draft report for consideration by the Head of Service and Director for Economic Growth. This will be prior to agreement and issue of the final audit report.

#### 3. SCOPE

- 3.1 The audit included the following specific areas:

Control Areas/Risks	Issues Identified		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Legislative, Organisational and Management Requirements	0	1	0
Contract Assurance	0	1	0
Liaison with Partners	0	0	0
Payment and Collection	0	1	0

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Budgetary Control	0	0	0
Performance Review	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>3</b>	<b>0</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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