



CROYDON

Final Internal Audit Report

Occupational Therapy

June 2020

Distribution: Executive Director Wellbeing and Adults (Final only)
Director of Operations
Director of Integration and Innovation
Integrated Delivery Manager
Principal Occupational Therapist
Head of Contracts and Performance – One Croydon

| Assurance Level | Issues Identified | |
|-------------------|-------------------|---|
| Limited Assurance | Priority 1 | 3 |
| | Priority 2 | 1 |
| | 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.

Executive Summary

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1. Terms of Reference
2. Definitions for Audit Opinions and Identified Issues
3. Statement of Responsibility

1. Introduction

- 1.1 The Adult Community Occupational Therapy Service is an integrated service, combining the Occupational Therapy teams from the Council and the NHS Croydon Health Services (CHS). The Service provides assessments and interventions to assist service users to carry out activities of everyday life.
- 1.2 A service contract (based on the NHS standard) with CHS for the 'Croydon Health Services NHS Trust Occupational Therapy and Enablement Care Services' was entered into from April 2017 for 1 year. This was further extended on 1 April 2018 for a year. The contract value was £1,317,811 for the first year.
- 1.3 The objectives, methodology and scope are contained in the Audit Terms of Reference at Appendix 1.

2. Key Issues

Priority 1 Issues

A contract was not in place with Croydon Health Services (CHS) for 2019-20. **(Issue 1)**

The apportionment of costs, including any over or underspends, for the Adult Community Occupational Therapy Service between the Croydon Clinical Commission Group and the Council was not formally agreed. **(Issue 2)**

The 'Waiting List Report' as at 18 September 2019 detailed that there were 197 waiting clients, 180 of whom had been on the waiting list more than 3 months. **(Issue 3)**

Priority 2 Issue

Performance targets were not formally agreed. **(Issue 4)**

There were no priority 3 issues identified.

3. Actions and Key Findings/Rationale

| <u>Control Area 2: Contract Agreement</u> | | | | | | |
|--|--|--|-----------------|------------------------|----------------|--|
| Priority | Action Proposed by Management | Detailed Finding/Rationale – Issue 1 | | | | |
| 1 | <p>There is an implied contract in place however there is no explicit signed contract.</p> <p>The service specification requires a full update.</p> <p>Action proposed:</p> <p>OT service to be re-commissioned.</p> <p>Service specification to be re-written once structure of OT service is agreed.</p> | <p>The Council's Tenders and Contract Regulations details that, '<i>All Contracts valued in excess of £100,000 must be in writing and signed by an Authorised Signatory on behalf the Council, or sealed with the Council's Seal in the presence of an Authorised Signatory.</i>'</p> <p>Discussion established that a service contract with CHS for the 'Croydon Health Services NHS Trust Occupational Therapy and Enablement Care Services' using the NHS standard contract had been entered into from April 2017 for 1 year and that this was then extended for a further year. It was explained that this had not been subsequently extended further and the Council was now working to an implied contract.</p> <p>It was established that, while a signed and sealed version of the first year 'Croydon Health Services NHS Trust Occupational Therapy and Enablement Care Services' contract (the 'contract') was held in the Council's deeds storage, a copy of the subsequent contract extension letter and contract variation for 2018/19 were not held. It is not clear whether a contract extension was formally issued and for what period and, while an electronic version of the variation was separately obtained, whether the contract variation had been formally approved and issued.</p> <p>Examination of the signed and sealed 'contract' identified that the service specification, which is an embedded file in the electronic version of the contract, had not been printed out in the signed copy. This service specification is therefore not part of the signed contract.</p> | | | | |
| | <table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Director of Operations</td> <td>September 2020</td> </tr> </tbody> </table> | Responsible officer | Deadline | Director of Operations | September 2020 | <p>It was also noted that the 'contract' referenced the 'One Croydon Alliance Agreement' for exit arrangements; however, while examination of the 'One Croydon</p> |
| Responsible officer | Deadline | | | | | |
| Director of Operations | September 2020 | | | | | |

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|--|--|---|
| | | <p>Alliance Agreement' evidenced termination procedures and the corresponding cost for this, there were no exit arrangements detailed.</p> <p>Where a signed contract is not in place, there is a risk that contracting parties may not be aware of (or may not feel bound to) the terms and conditions they are expected to adhere to, and may also not be aware of what the role of the Council is in supporting them. Should a breach occur, the Council may not be able to demonstrate sufficient due diligence. With no exit arrangements agreed, there is a risk that disruption form the contract being terminated</p> |
|--|--|---|

| <u>Control Area 4: Payments</u> | | | | | | | | | | | |
|--|--|--|-----------------|------------------------|------------|--|-----------------|-----------------|---------------------------|------------------|------------------|
| Priority | Action Proposed by Management | Detailed Finding/Rationale – Issue 2 | | | | | | | | | |
| 1 | <p>The re-commissioning of the service and any risk sharing arrangements would need to be re-negotiated and agreed.</p> <p>The current risk share 15%:85% (CCG/LBC) is implied as per the contractual arrangement under Control Area 2.</p> <p>Action: To be agreed, if required, during the set-up of a re-commissioned OT service.</p> | <p>The costs of the Occupational Therapy and Enablement Care Services are shared between the Council and Croydon Health Services. In order to help avoid dispute, the allocation of these costs should be formally agreed.</p> <p>Examination of the ‘Croydon Health Services NHS Trust Occupational Therapy and Enablement Care Services’ contract confirmed that this detailed the payments due for the first year (2017/18). The electronic version of the contract variation detailed the payments for the second year (2018/19). These were as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">2017/18</th> <th style="text-align: center;">2018/19</th> </tr> </thead> <tbody> <tr> <td>Croydon Clinical Commissioning Group</td> <td style="text-align: center;">£267, 571 (20%)</td> <td style="text-align: center;">£267, 571 (15%)</td> </tr> <tr> <td>London Borough of Croydon</td> <td style="text-align: center;">£1,050,240 (80%)</td> <td style="text-align: center;">£1,511,566 (85%)</td> </tr> </tbody> </table> <p>Due to the absence of a formal contract extension, the costs for 2019/20 have not been formally agreed, although it was established that the 15%:85% split based on the 2018/19 payment values would be applied.</p> <p>It should be noted that the payment values detailed in the contract variation were not actually paid, due to the Service as a whole underspending by £299,385, (CHS overspent by £713,229 and the Council underspent by £1,012,614). Neither the contract nor the subsequent variation, detail how any over or underspends are to be dealt with. The ratio 15%:85% was used in this case to calculate the revised payments due.</p> | | 2017/18 | 2018/19 | Croydon Clinical Commissioning Group | £267, 571 (20%) | £267, 571 (15%) | London Borough of Croydon | £1,050,240 (80%) | £1,511,566 (85%) |
| | 2017/18 | 2018/19 | | | | | | | | | |
| Croydon Clinical Commissioning Group | £267, 571 (20%) | £267, 571 (15%) | | | | | | | | | |
| London Borough of Croydon | £1,050,240 (80%) | £1,511,566 (85%) | | | | | | | | | |
| | <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Responsible officer</th> <th style="text-align: left;">Deadline</th> </tr> </thead> <tbody> <tr> <td>Director of Operations</td> <td>March 2021</td> </tr> </tbody> </table> | Responsible officer | Deadline | Director of Operations | March 2021 | <p>There is a risk of dispute and that the Council may be paying a greater proportion than it should be.</p> | | | | | |
| Responsible officer | Deadline | | | | | | | | | | |
| Director of Operations | March 2021 | | | | | | | | | | |

| Control Area 7: Performance Monitoring and Management Reporting | | | | | | | | | | | | | | | | | | | |
|--|--|---|------------|------------|------------|------------|------------|-----------------------------------|------|------|------|----------------------------|------|---|------|-----------------|------|------|------|
| Priority | Action Proposed by Management | Detailed Finding/Rationale – Issue 3 | | | | | | | | | | | | | | | | | |
| 1 | <p>The service is not operating at efficient capacity to meet demand. The model of home-visits for most is not a sustainable offer. Evidence indicates that up to 50% of referrals could be dealt with more efficiently.</p> <p>Action: A diversified service offer is required with CLS principles:</p> <ul style="list-style-type: none"> • More responsive and focussed approach for lower level need cases using a suite of self-assessment & direct provisions and increased use of a Trusted Assessor model of service delivery. • For the Trusted Assessor model (success is evidenced via the Personal Safety Project within AgeUK Croydon), the Council identifies and trains more staff or 3rd sector staff, via the Disabled Living Foundation, or identifies individuals for ‘Train the Trainer’. • Increase use of telephone assessment and provision for replacement of items, where | <p>The Care Act 2014 details that, ‘A local authority must promote the efficient and effective operation of a market in services for meeting care and support needs with a view to ensuring that any person in its area wishing to access services in the market.’</p> <p>Examination of the Waiting List Report as of 18 September 2019 found that in the occupational therapy service there were 197 waiting clients, (114 of these were Able2, 74 were Major Adaptation Unit and 9 were Life D2A.) Further review showed that 180 of these had been on the waiting list for more than 3 months.</p> <p>This was discussed with the Professional Lead Occupational Therapy, who then investigated the waiting list report and identified that, of the 180 cases older than 3 months, 71 were closed, 96 were where an assessment had been started and 13 had been withdrawn or deceased. It was explained that the team were working on updating the system and chasing the progress of those cases over three months old.</p> <p>Examination of the Occupational Therapy Establishment document as of July 2019 found vacancies in Council’s resources, which will also contribute to the backlog:</p> <table border="1" data-bbox="994 970 2020 1129"> <thead> <tr> <th>Staff Role</th> <th>WTE Budget</th> <th>WTE Actual</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>Senior Occupational Therapist G12</td> <td>8.22</td> <td>2.72</td> <td>5.50</td> </tr> <tr> <td>Occupational Therapist G11</td> <td>2.06</td> <td>0</td> <td>2.06</td> </tr> <tr> <td>OT Assistant G7</td> <td>3.78</td> <td>2.78</td> <td>1.00</td> </tr> </tbody> </table> <p>Where the waiting list is not being effectively managed, the list will be growing and eventually causing the community not to get the right care and support at the right time.</p> | | Staff Role | WTE Budget | WTE Actual | Difference | Senior Occupational Therapist G12 | 8.22 | 2.72 | 5.50 | Occupational Therapist G11 | 2.06 | 0 | 2.06 | OT Assistant G7 | 3.78 | 2.78 | 1.00 |
| Staff Role | WTE Budget | WTE Actual | Difference | | | | | | | | | | | | | | | | |
| Senior Occupational Therapist G12 | 8.22 | 2.72 | 5.50 | | | | | | | | | | | | | | | | |
| Occupational Therapist G11 | 2.06 | 0 | 2.06 | | | | | | | | | | | | | | | | |
| OT Assistant G7 | 3.78 | 2.78 | 1.00 | | | | | | | | | | | | | | | | |

| | | |
|----------------------------------|---|--|
| | <p>clinical input is needed and the risk is low.</p> <ul style="list-style-type: none"> • Increase allocation rate in some areas and implementation of more robust progress tracking of cases. • Direct allocation of simple adaptations to contractor, rather than 2nd OT assessment in MAU. • Widen scope of minor adaptations without delay. | |
| Responsible officer | Deadline | |
| Principal Occupational Therapist | March 2021 | |

| <u>Control Area 7: Performance Monitoring and Management Reporting</u> | | | | | | |
|---|--|---|-----------------|----------------------------------|------------|--|
| Priority | Action Proposed by Management | Detailed Finding/Rationale – Issue 4 | | | | |
| 2 | <p>The new service specification to include:</p> <p>Appropriate national KPIs & local indicators to demonstrate outcome measures.</p> <p>Improved use of and sharing of already collated standardised outcome measures information.</p> <p>The above to be aligned with the Croydon Health & Care Plan and ICN+ model of care.</p> | <p>The Care Act 2014 details that, ‘A local authority must have regard to matters in particular the ... the importance of fostering continuous improvement in the quality of such services and the efficiency and effectiveness with which such services are provided and of encouraging innovation in their provision’. In order to help improve services, appropriate performance targets should be set and regularly monitored against.</p> <p>It was established that embedded in the electronic version of the service specification, (which is again an embedded file in the electronic version of the ‘Croydon Health Services NHS Trust Occupational Therapy and Enablement Care Services’ contract) is a set of performance targets. These performance targets have not been sighted by Internal Audit, as the only version of the service specification provided has been a .pdf version and therefore the embedded file cannot be opened. Furthermore, as detailed in issue 1 above, the service specification was not included in the signed printed copy of the contract and therefore neither the specification nor embedded performance indicators are formally agreed.</p> <p>It was acknowledged that Adult Community Occupational Therapy (ACOT) dashboard was reported monthly, which sets out the performance for the partnership delivery group Croydon community health services.</p> | | | | |
| | <table border="1"> <thead> <tr> <th>Responsible officer</th> <th>Deadline</th> </tr> </thead> <tbody> <tr> <td>Principal Occupational Therapist</td> <td>March 2021</td> </tr> </tbody> </table> | Responsible officer | Deadline | Principal Occupational Therapist | March 2021 | <p>Where contract performance targets are not properly identified in the contract, there is an increased risk that, poor performance or non-delivered service provision may not be identified for subsequent management corrective action to be taken.</p> |
| Responsible officer | Deadline | | | | | |
| Principal Occupational Therapist | March 2021 | | | | | |

TERMS OF REFERENCE

Occupational Therapy

1. INTRODUCTION

The Council offers an integrated Health and Social Care Occupational Therapy (OT) service which provides assessments and interventions to assist service users to carry out activities of everyday life.

The Council's OT under Section 75 Agreement was terminated in April 2018. The current contractual mechanism is a service contract with Croydon Health Services (CHS) using the NHS standard contract.

The Health and Social Care Act 2012 has established Health and Wellbeing Boards as a forum where key leaders from the health and care system work together to improve the health and wellbeing of their local population and reduce health inequalities. Board members collaborate to understand their local community's needs, agree priorities and encourage commissioners to work in a more joined-up way.

This audit will include processes in place on equality of pay scales and waiting time.

As part of the agreed 2019/20 Internal Audit Plan, an internal audit of the Occupational Therapy was identified to be undertaken.

2. OBJECTIVES AND METHOD

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

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





This audit examined the Council's arrangements in relation to Occupational Therapy, and include the following areas:

| Control Areas/Risks | Issues Identified | | |
|---|----------------------|------------------------|---------------------|
| | Priority 1 (High) | Priority 2 (Medium) | Priority 3 (Low) |
| Legislative, Operational, and Management Requirements | 0 | 0 | 0 |
| Contract Agreement | 1 | 0 | 0 |
| Roles and Responsibilities | 0 | 0 | 0 |
| Payments | 1 | 0 | 0 |
| Budgetary Control and Monitoring | 0 | 0 | 0 |
| Exit Strategy | 0 | 0 | 0 |
| Management and Performance Reporting | 1 | 1 | 0 |
| TOTAL | 3 | 1 | 0 |

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 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 identified issues are based on the following criteria:

| | |
|--------------------------------|---|
| Priority 1 (High) | Fundamental control weaknesses that require the immediate attention of management to mitigate significant exposure to risk. |
| Priority 2 (Medium) | Control weakness that represent an exposure to risk and require timely action. |
| Priority 3 (Low) | 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.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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