

FINAL INTERNAL AUDIT REPORT

EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF CONTRACTS AND COMMISSIONING FOR PUBLIC HEALTH AUDIT FOR 2017-18 0-4 YEAR OLD HEALTH VISITING SERVICE

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REVIEW OF CONTRACTS AND COMMISSIONING FOR PUBLIC HEALTH AUDIT FOR 2017-18 0-4 YEAR OLD HEALTH VISITING SERVICE

INTRODUCTION

1. This report sets out the results of our systems based audit of Contracts and Commissioning for Public Health (0-4 Year Old Health Visiting Service, incorporating Family Nurse Partnership). The audit was carried out in quarter four as part of the programmed work specified in the 2017/18 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

AUDIT SCOPE

3. The scope of the audit was outlined in the Terms of Reference issued on 19th February 2018.

AUDIT OPINION

4. Overall, the conclusion of this audit was that Substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

5. Contractor A was commissioned to deliver the 0-4 year old Health Visiting Service (incorporating Family Nurse Partnership) as a single contract for three years commencing 1st October 2017. The contract has a whole life value of £9,865,428 with 1/36th of the amount (£274,039.67) being invoiced monthly in advance.

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6. The Health Visiting Service supports families through the early years from pregnancy and birth to primary school, with the Family Nurse Partnership providing intensive support to the most vulnerable mothers from pregnancy until their child is two years old.
7. Our testing identified the following which we would like to draw to management's attention:-
 - One invoice (dated 1st March 2018, invoice number 48671) did not state in the narrative to which month's payment it referred and was annotated 'copy invoice'. The lack of narrative increases the risk of duplicate payment being made should the original invoice be located.

During the course of the testing it was noted that the contract had been recorded in the Contracts Register as 'rounded' values (£274,000 per month, £3,288,000 per year and a whole life value of £9,864,000). It is recommended that the Contract Register figures are restated with exact figures (£274,039.67, £3,288,476 and £9,865,428 respectively) to reflect the true value of the contract.

SIGNIFICANT FINDINGS (PRIORITY 1)

8. There are no significant findings.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

10. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	One invoice (dated 1 st March 2018, invoice number 48671) did not state in the narrative to which month's payment it referred and was annotated 'copy invoice'. The lack of narrative increases the risk of duplicate payment being made should the original invoice be located.	Excess payments may inadvertently be made.	<p>All invoices should state clearly which month's payment is being claimed to reduce the risk of duplicate payments being made. This is especially pertinent when invoices presented are annotated 'copy'.</p> <p>[Priority 3]</p>

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APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>All invoices should state clearly which month's payment is being claimed to reduce the risk of duplicate payments being made. This is especially pertinent when invoices presented are annotated 'copy'.</p>	3	<p>All invoices issued by the provider clearly state which month's payment is being claimed. This is the only one where this was missing. A possible reason was that it was a copy invoice as the original invoice was lost in the post.</p> <p><i>The Quality Assurance Processes for Financial arrangements within Public Health – Mar 2018</i> protocol has been updated with the additional section on management of invoices. All staff have been informed about it.</p> <p>The Contracts register has been amended to reflect the exact value of the contract and not a rounded value.</p>	Director of Public Health.	Completed

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Priority 1
Required to address major weaknesses and should be implemented as soon as possible

Priority 2
Required to address issues which do not represent good practice

Priority 3
Identification of suggested areas for improvement

OPINION DEFINITIONS

APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve all the objectives tested.
Substantial Assurance	While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.
Limited Assurance	Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.