

FINAL INTERNAL AUDIT REPORT

EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT

REVIEW OF CONTRACTS AND COMMISSIONING FOR PUBLIC HEALTH AUDIT FOR 2017-18 POINT OF CARE TESTING

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REVIEW OF CONTRACTS AND COMMISSIONING FOR PUBLIC HEALTH 2017-18 – POINT OF CARE TESTING

INTRODUCTION

1. This report sets out the results of our systems based audit of Contracts and Commissioning for Public Health – Point of Care Testing. 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 support the NHS Health Check programme through the provision of high quality equipment and consumables for Cholesterol and HbA1c (Diabetes) testing. Equipment as defined in the contract and as specified in a standard order form may be ordered by any of the GP Surgeries within the borough to undertake the NHS Health Check of Cholesterol. Members of the GP Alliance may order additional equipment to undertake checks for Diabetes.

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The contract commenced on 1st April 2016 for a period of one year. It was subsequently extended for a further period of 12 months to 30th March 2018. Invoices processed for the first eight months of the 2017/18 financial year totalled £56,958.44 net.

6. Controls were in place and working well in the areas of data management and analysis.
7. Our testing identified the following issues which we would like to draw to management's attention:-
 - The current process does not allow GP surgeries to confirm direct to Public Health that they have ordered or received goods under the Point of Care Testing contract. Orders are placed by individual GP surgeries with Contractor A (who will issue an order acknowledgement to Public Health) and the goods are delivered direct to the GP surgeries. It would be good practice for each GP surgery to confirm their orders direct to Public Health and subsequently to provide confirmation that they have received the goods. Similarly, when goods are 'compromised in transit', usually as a result of the temperature breaching the set tolerance level, Contractor A issue the Certificate of Destruction direct to the GP Surgery for completion and return to themselves, with Public Health only made aware of this when a Credit Note is received. It would be good practice for each surgery to confirm to Public Health details of Certificates of Destruction for goods compromised in transit completed and returned to Contractor A, in order that Public Health may verify the value of Credit Notes received.
 - All 20 orders within the sample for the Point of Care Testing contract had been raised after the date of the invoice. An official order, or its equivalent, should be raised in a timely manner for all goods, works and services to ensure that financial commitments are reflected in budget monitoring, although Financial Regulations, para 6.7 does cite an exception (i) 'Where a specific formal contract exists which does not incorporate any facility for the regular draw-down of services'. It is acknowledged that invoices under this contract can exceed 75 items ordered by 25 surgeries with net values of £7K, and that for each order to be invoiced on an individual basis would be cumbersome. It is therefore recommended that Public Health agree a monthly cut off point with Contractor A at which time an order is raised based on the value of 'order acknowledgements' issued by the contractor, pending receipt of the corresponding invoice.

It is recommended that Public Health establish with Contractor A the composition of the 'net value' figure as stated in the Sales History Spreadsheet, as for 13 of the 20 items sampled the figure quoted was higher than invoiced and stated in the contract.

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Indications are that this anomaly in the spreadsheet (the invoiced amount agreed with the price as stated in the contract) was aligned to an apportionment of the freight charge but this could not be verified through the testing.

For consistency, it is recommended that Contractor A are requested to record the 'Control' items ordered for the GP Alliance and Public Health (£38 per pack, six packs of controls required per site over the course of a year, catalogue reference 1116067), on their Sales History spreadsheet. Three packs within the sample (two on invoice 91300182 dated 30th June 2017 and one on invoice 91342367 dated 31st August 2017) could not be located on the spreadsheet. It should also be noted that the invoices for these items did not include a 'PO date' reference.

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.

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DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
1	<p>The current process does not allow GP surgeries to confirm direct to Public Health that they have ordered or received goods under the Point of Care Testing contract. Orders are placed direct with Contractor A (who will issue an order acknowledgement to Public Health) and the goods are delivered direct to the GP surgeries. It would be good practice for each GP surgery to confirm their orders, and subsequent receipt of the goods, to Public Health.</p> <p>Similarly, it would be good practice for each surgery to confirm to Public Health details of Certificates of Destruction for goods compromised in transit completed and returned to Contractor A, in order that Public Health may verify the value of Credit Notes received.</p>	<p>There is no independent verification of orders placed, goods received or goods destroyed prior to payment of invoices which could lead to errors in billing not being identified.</p>	<p>Consideration should be given to GP surgeries confirming direct to Public Health:-</p> <ul style="list-style-type: none"> • Orders placed with Contractor A • Subsequent receipt of goods ordered • Certificates of Destruction completed and returned to Contractor A for goods compromised in transit. <p>[Priority 3]</p>

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

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DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
2	<p>An Oracle data extract showed that all 20 orders sampled for the Point of Care Testing contract had been raised after the date of the invoice.</p> <p>Where orders are not raised in a timely manner, the budget commitment will be inaccurately reflected.</p> <p>This will also be addressed as part of the Creditors Audit which is currently in course.</p>	<p>If orders are not raised in a timely manner, commitments will not be reflected in budget monitoring</p>	<p>As the Point of Care Testing contract does not incorporate a facility for the regular draw down of goods/services, it is recommended that Public Health agree a monthly cut off point with the supplier at which time an order is raised based on the value of ‘order acknowledgements’ received.</p> <p>[Priority 3]</p>

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

REVIEW OF CONTRACTS AND COMMISSIONING FOR PUBLIC HEALTH AUDIT 2017-18 – POINT OF CARE TESTING
APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>Consideration should be given to GP surgeries confirming direct to Public Health:-</p> <ul style="list-style-type: none"> • Orders placed with Contractor A • Subsequent receipt of goods ordered • Certificates of Destruction completed and returned to Contractor A for goods compromised in transit. 	3	<p>Consideration has been given to feasibility of confirming orders have been placed and received by GP Practices.</p> <ul style="list-style-type: none"> • For orders placed from the GP Practices, we can request that Public Health is copied into the email containing the order form. These can then be matched against the order acknowledgements received from Contractor A, thereby confirming the order has been placed by the GP Practice. • It would not be possible or practical to obtain receipt of goods ordered by each of the 45 GP Practices. The order would be received by varying GP reception staff, who are often part time. The staff member who placed the order 	Head of Vascular Disease Prevention Programme	June 2018

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<p>may not be in the Practice at the time the goods are received. (Monitoring of data for NHS Health Checks delivered and annual stocktake of POCT cassettes in the Practice fridge can provide an approximate figure of goods received.)</p> <ul style="list-style-type: none"> Public Health has requested that when Contractor A issues a certificate of destruction notice to a Practice, that Public Health is copied into this emailed document. These certificates of destruction for goods compromised in transit can be matched against credit notes issued by Contractor A. 		

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Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	As the Point of Care Testing contract does not incorporate a facility for the regular draw down of goods/services, it is recommended that Public Health agree a monthly cut off point with the supplier at which time an order is raised based on the value of 'order acknowledgements' received.	3	Consideration has been given to this recommendation. However to agree a monthly cut off point may impede GP Practices in the delivery of NHS Health Checks if there ordering was capped in any month. This would be detrimental to delivery of the NHS Health Checks programme. Public Health is aware that there is a level of risk here, however are of the opinion it is minimal and are willing to accept that risk.	Head of Vascular Disease Prevention Programme	June 2018

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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.