

Redacted



REDACTED INTERNAL AUDIT REPORT

CHILDREN AND YOUNG PEOPLE'S MENTAL HEALTH AND WELLBEING CONTRACT

AUDIT REFERENCE: PEO/06/2023

April 2024

Auditor	SWAP Principal Auditor
Reviewer	SWAP Assistant Director Head of Audit and Assurance

Distribution list

Assistant Director of Integrated Commissioning
Director of Children, Education and Families
Head of Service, Community Living Commissioning
Integrated Strategic Commissioner

Executive Summary

Audit Objective	The overall objective of the audit was to review the effectiveness of the controls in place to govern and monitor the Children and Young People's Mental Health and Wellbeing contract, to ensure the service is delivered to expected standard and at the agreed cost.
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Assurance Level		Findings by Priority Rating		
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.	Priority 1	Priority 2	Priority 3
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Key Findings
<p>We found that the following controls are in place and working well:</p> <ul style="list-style-type: none"> • There is an up to date, signed contract. • Inflation pressures are effectively managed to minimise impact on the Council's budget and Medium Term Financial Strategy (MTFS) as far as possible. The contract does not allow for inflationary increases and as such the amounts payable remain fixed. • No issues were noted with the budgets for the contract, and this is predicted to remain stable. • Payments to the contractor had been appropriately approved. • There are appropriate contract management and monitoring structures in place and contract management meetings are held regularly. <p>Management should consider the key findings summarised below:</p> <ol style="list-style-type: none"> 1. Performance Monitoring (Priority 1) – Whilst there are mechanisms in place to manage the contract, the information reported and reviewed is not sufficient to ascertain how well the contract is performing and consequently we were unable to form a view on whether the contract is meeting outcomes and objectives or delivering value for money. The contractor's performance against the Key Performance Indicators (KPIs) in the contract specification are not monitored. The 2023 annual report was issued late and actions from the 2022 annual report were not monitored. See Recommendation 1.

2. **Business Continuity Procedures (BCP)** (Priority 2) – We reviewed the contractor’s BCP dated November 2023 and made some recommendations which have been redacted regarding level of detail and frequency of testing. **See Recommendation 2.**

Management has agreed actions for all findings raised in this report. **Please see Appendix A.**

*Definitions of our assurance opinions and priority ratings are in **Appendix B.***

*The scope of our audit is set out in **Appendix C.***

Appendix A - Management Action Plan

1. Performance Monitoring

Finding

The contractor is required to produce and supply an annual performance report to the Council in May each year, however the report for 2023 was not published until November 2023. As the annual report for 2023 had just been released at the time of our testing, we asked if the actions in the previous annual report from 2022 had been actioned and monitored by the Council. We were advised that they believed they were actioned, but could not confirm for sure, as they had not monitored them.

We also reviewed the quarterly performance reports for Q1 and Q2 2023/24. We found that whilst the reports contained a lot of data and narrative, this did not link back to the KPIs in the service specification. The information also did not enable an assessment of how well the contract was performing, and if it was meeting outcomes and objectives and delivering value for money. This is because the information provided is primarily focused on activity numbers rather than outcomes and effectiveness. We asked if the KPIs were specifically monitored in any way, and we were advised that they were not. It was agreed that this was something that needed to be reviewed and improved.

Whilst the service contract includes consequences for breach of KPIs, with the absence of effective performance monitoring, there is not a robust method to identify and escalate concerns.

Risk

Expected service levels are not achieved, and /or, issues are not identified and escalated for resolution. This contract is worth c.£4.5 million over the 5 year period (2021 to 2026), and whilst this is jointly funded by the Integrated Care Board, it still poses a high monetary risk to the Council if the contract terms are not properly fulfilled.

Recommendation

- a) The KPIs in the service specification should be reviewed and appropriate monitoring and reporting put in place to assess the contractor's adherence to them.
- b) The actions raised in the annual report 2023 should be formally monitored throughout the year to ensure they are completed.
- c) The contractor should be reminded of the requirement to submit an annual report by May each year and consequences should be imposed if this is not delivered.

Rating

Priority 1

Management Response and Accountable Manager

Agreed timescale

Area	Recommendation	Assurance Priority Rating	Action	Owner	Due by	Status
Performance Management	The KPIs in the service specification should be reviewed and appropriate monitoring and reporting put in place to assess the contractor's adherence to them.	Priority 1	Review KPIs in the Service Specification.	Contract Officer	May-24	In progress
			Work with contractor to review performance monitoring reporting template and develop structure to assist in monitoring key KPIs and evidencing impact/outcomes.	Contract Officer/ Contractor	Jun-24	In progress
			Develop and circulate contract monitoring schedule and issue calendar invites for the year ahead.	Contract Officer	May-24	In progress
	The actions raised in the annual report 2023 should be formally monitored throughout the year to ensure they are completed.	Priority 1	Monitor the annual report action plan at the contract management meetings.	Contract Officer	Quarterly	In progress
	The contractor should be reminded of the requirement to submit an annual report by May each year and	Priority 1	Develop a contract monitoring schedule and required reports and key deadlines for receipt of reports and issue to the contractor.	Contract Officer	May-24	In progress
			Send email reminders of upcoming deadlines for reports.	Contract Officer	Quarterly	In progress

	consequences should be imposed if this is not delivered.						
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2. Business Continuity Procedures (BCP)

Finding
 We reviewed the contractor’s BCP dated November 2023 and made some recommendations which have been redacted regarding level of detail and frequency of testing.

Risk
 There is a risk that the BCP does not reflect current processes and contact details, which could delay the response during an emergency.

<p><u>Recommendation</u></p> <p>Contract officers should ensure, via contract monitoring, that:</p> <ul style="list-style-type: none"> a) The BCP plan is reviewed and further advice sought where necessary to ensure it contains sufficient detail. b) Once the BCP has been amended, a BCP test is completed on a regular basis. 	<p><u>Rating</u></p> <div style="border: 1px solid black; background-color: yellow; padding: 2px; display: inline-block;">Priority 2</div>
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<p><u>Management Response and Accountable Manager</u></p> <p>Agreed.</p> <p>Owner - Contract officer</p>	<p><u>Agreed timescale</u></p> <p>April 2024</p>
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Appendix B - Assurance and Priority Ratings

Assurance Levels

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

Action Priority Ratings

Risk rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.

Appendix C – Audit Scope

Audit Scope

We reviewed the adequacy and effectiveness of controls over the following risks:

- The contract is not well governed and as such there is a risk of poor service which could lead to reputational and financial damage to the Council.
- Payments are made for services that have not been received, or that have not been received to a satisfactory standard.

The review focussed on the following elements:

- The contract includes details on performance monitoring arrangements and KPIs.
- Monitoring of performance against the delivery targets set within the contract is carried out.
- Processes are in place to identify, manage and escalate concerns.
- There is a process for managing non-compliance with the contract and issues of supplier failure.
- Lessons learned and areas for improvement are considered.
- Contract costs are monitored in detail and any variance is identified and investigated.
- Invoices are supported by evidence and appropriately approved.
- Inflation pressures are effectively managed to minimise impact on the Council's budget and MTFs as far as possible.
- Business continuity procedures are in place.

Our audit included interviews with key officers who help manage the contract, a review of relevant reports and documentation as well as sample testing of related procedures and processes.