London Borough of Barnet

Internal Audit Report

Public Health

April 2014

Distributed to:

Strategic Director for Communities

Director of Public Health

Commercial and Customer Services Director

Joint Public Health Service Business Manager

Contract Manager

Head of Internal Audit, London Borough of Harrow

Timetable	
Terms of reference agreed	24 February 2014
Fieldwork completed	17 April 2014
Draft report issued	25 April 2014
Management responses received	9 May 2014
Final Report Issued	3 July 2014

1. Executive Summary

Introduction	As part of the 2013/14 Annual Internal Audit Plan, we have reviewed the design and effectiveness of the controls in place over the shared Public Health service. This report sets out our findings and raises recommendations to address areas of control weakness and / or potential areas of improvement, in order of priority. The agreed objectives and scope of our work is set out in the Terms of Reference issued on 24 February 2014.
Background	The Public Health team joined Harrow Council on 1st April 2013 from the NHS. In agreement with Barnet Council a joint team was developed to support both councils. The team is employed by Harrow Council with the Director of Public Health being appointed to both Barnet and Harrow councils. The team delivers a range of statutory and discretionary services to both communities and support the various bodies within the NHS. The public health team continues to work with NHS England and Public Health England at both national and London levels to clarify roles and responsibilities particularly in relation to health protection: immunisations, infection control and emergency planning. The Public Health (PH) Inter-Authority agreement between Barnet and Harrow was signed 28 March 2013 in which the Joint Public Health Service was established between Harrow and Barnet. The terms by which Harrow discharges Barnet's relevant functions for public health services were set out in this inter authority agreement.
Corporate objectives	The objective of the Public Health for Barnet is to improve the health and wellbeing of Barnet's residents, reducing health inequalities and delivering the Health and Wellbeing Strategy. Through a skilled multidisciplinary workforce, the Public Health function will aim to reduce the risk of avoidable harm through promoting healthy lifestyle choices and protecting the health of the population.

Audit Assurance Level	No	Limited	Satisfactory	Substantial
				

Key Findings

We noted the following areas of good practice:

- Governance arrangements are outlined within the Inter-Authority Agreement (IAA), including a terms of reference for the joint Public Health governance board.
- The Public Health quarterly performance reports are reviewed and scrutinised by the Council's Delivery Board and Strategic Commissioning Board (SCB).
- A contract register is retained which outlines the status of all Public Health contracts.

Our key findings are as follows:

- **Governance and organisational structures** (Priority 1) – We noted a lack of clarity over the expected relationship between the shared Public Health team and Barnet Council's commercial contract management team. There were no representatives of Barnet's commercial team on the Public Health Governance Board to monitor and challenge the performance of the contract.
- **Third party contract management** (Priority 1) - Throughout the course of the audit, we experienced significant delays in receiving third party contractual information, as this is currently held by London Borough of Harrow and Barnet does not have this information readily available. Given the delays experienced, we were unable to assess three of the contract management risks that had been identified within the terms of reference, hence we could not provide any assurance over those areas.
- **Key Performance Indicators of contractual arrangements with service providers** (Priority 2) - We tested five Public Health contracts and noted that for one contract with a value of £743k, there were no KPIs specified and agreed with the provider.
- **Attendance at the joint Public Health governance board meetings** (Priority 2) – We confirmed through review of two sets of governance board meeting minutes that Barnet's Section 151 officer and a Barnet Clinical Commissioning Group (CCG) representative were not in attendance as required by the Inter-Authority Agreement.
- **Performance monitoring of the Public Health Lead Commissioner management agreement** (Priority 2) – The Key Performance Indicators (KPIs) outlined within the Lead Commissioner management agreement are not reported to the Public Health governance board. We reviewed two performance dashboard reports and noted that one was incomplete - a quarterly KPI had not been reported.

Area of Scope	Adequacy of Controls	Effectiveness of Controls	Recommendations Raised		
			Priority 1	Priority 2	Priority 3
Governance			1	1	0
Inter-Authority Agreement (IAA) / Lead Commissioner Management Agreement (LCMA) and delivery against this			0	1	0
Third party contract management			1	1	0
Payments to Harrow for the provision of the shared service			0	0	0
Follow-up of 2012/13 recommendations			0	0	0

Acknowledgement	We would like to thank the joint Public Health team and the Commercial team for their time and co-operation during the course of the internal audit.

2. Detailed findings

2.1 Public Health governance and organisational structure

P	Detailed finding	Risk	Recommendation
1	**Governance Structure** We noted a lack of clarity over the expected relationship between the shared Public Health team and Barnet Council's commercial contract management team. The IIA states that the PH Governance Board is accountable for monitoring, reviewing, and resolving contractual issues relating to the delivery of the shared public health team. However, it was noted that there were no representatives of Barnet's commercial team on the Board to monitor and challenge the performance of the contract. The lack of clarity over roles and responsibilities was particularly evident when trying to agree the audit findings and to receive management responses. The shared Public Health service initially provided all of the responses without involving the Council's commercial team, whereas some of the recommendations were driving at who, within Barnet Council but not directly part of the Public Health shared service, was responsible for monitoring and challenging	Governance arrangements for challenging the performance of the Public Health shared service may not be fully defined, effective in practice, or embedded within the shared service and Barnet Council. Ownership and responsibilities within the joint Public Health team may not be clear if there is no evidence of the review of the team's structure, as well as a lack of communication within the wider Council in Barnet.	a) A governance structure chart should be developed that clearly shows the expected interaction between the shared Public Health team and Barnet's commercial contract management team. b) In practice the focus of the Public Health Governance Board should be on (a) whether the Inter-Authority Agreement requirements are being met and (b) whether the Public Health shared service management agreement priorities are progressing adequately. c) The Public Health organisational structure document should be formally reviewed on a periodic basis and include a version control, detailing the document approver and the corresponding dates. d) Both the governance and organisational structure documents should be made easily accessible by

	performance. **Organisational Structure** An organisational structure is in place which outlines the roles and structure of the joint Public Health team. Given that the team structure has changed frequently throughout the year, management have a process in place to review this document on a monthly basis to ensure an up-to-date composition of the team. From inspection of the organisational structure document, we noted that there was no documented evidence of this review. We could not confirm when management last reviewed the document. We would expect the Public Health organisational structure to be accessible to Barnet staff, providing clarity throughout the Council on the roles within the joint Public Health team. We noted that the organisational structure document has not yet been made readily available to Barnet Council staff.		Barnet Council staff on the intranet so that roles and responsibilities are clearly communicated.

Management Response	Responsible Officer	Deadline
Governance Structure The Inter Authority Agreement (IAA) and the Terms of Reference of the Public Health Governance Board are to be reviewed and amended in order to make the PH Governance Board a more robust mechanism for performance and contract monitoring as detailed below. In preparation for this a governance chart has been drafted and once this is confirmed it will be made available to Council staff on the intranet.	Lead Commissioner / Commercial & Customer Services Director	1 September 2014

It is important to recognise the scope of the indicators which are directly managed by officers within the Public Health. The Public Health Outcomes Framework contains approx. 66 indicators, which whilst monitored by the Public Health team, are not necessarily within the direct responsibility of delivery by the Public Health team. Clarity of responsibility for different aspects associated with the Joint Public Health Strategy (JPHS) will be jointly developed and will address:- • Where the responsibility for overseeing the JPHS in respect of ensuring the shared service is working effectively is held • Revising the Terms of Reference of the Governance Board It to take account of this new contracting model between Barnet and Harrow. • Agreeing the role and contribution of Barnet's Commercial Team to provide sufficient oversight of the contract management and delivery of the IAA. The responsibility for ensuring that the JPHS is held to account by Members in respect of how the Strategy is delivering will be the remit of the Performance and Contract Management Committee. This Committee has responsibility for: • Overseeing how the actual Public Health KPI's and CPI's are being delivered • Ensuring that the LBB Public Health priorities, as outlined within the Corporate Plan are considered within the Management Agreement priorities. • Ensuring that the Management Agreement priorities and any associated KPI's are being delivered by the JPHS In preparation the Commercial Team and PH are reviewing the current IAA and will be making recommendations on how this might need to be revised to take account of this.		

Organisational Structure Organisational structure is attached and can be found online at; http://www.barnet.gov.uk/info/940457/public_health		

2.2 Third party contract management

P	Detailed finding	Risk	Recommendation
1	The joint Public Health service manages Barnet and Harrow Councils' Public Health contracts to ensure adequate service delivery. Throughout the course of the audit, we experienced significant delays in receiving contractual information, as Barnet does not currently have this information readily available. This was provided to us by the London Borough of Harrow. In particular, we were unable to assess the following given the delays experienced during the audit: • Whether Barnet Council had any involvement in agreeing Key Performance Indicators (KPIs) with the service providers. • The extent to which KPIs are aligned to	The Council may not have adequate oversight of the shared service if it does not have direct access to Public Health documentation, including contracts with service providers.	The Council's commissioning group should maintain greater oversight and involvement with the contractual arrangements of the joint Public Health service. It should consider where this responsibility fits best within the Council structure.

	Barnet Council's service objectives. • Whether the performance reports and KPIs reported to Barnet Council are scrutinised, thereby checking that the data is valid, accurate and complete.		

Management Response	Responsible Officer	Deadline
As a joint service, the Public Health team negotiate and manage the related contracts on behalf of Barnet Council. However, it is recognised that this information may, at times, be limited to the service with limited oversight of the wider corporate organisation. The revised Governance structure outlined within section 2.1 will provide adequate oversight of the performance of the JPHS by the Commercial Services team.	Lead Commissioner, Director for Commercial and Customer Services	1st September 2014

2.3 Key Performance Indicators of contractual arrangements with service providers

P	Detailed finding	Risk	Recommendation
2	Key Performance Indicators (KPIs) for the joint Public Health service are agreed with each service provider and are set out within the contract / agreement. We tested five Public Health contracts and noted that for the Central and North West London NHS Trust contract, KPIs are not specified and agreed	Clear and appropriate KPIs which are aligned to Barnet's service objectives and performance framework may not be agreed in contracts. These may not then be tracked and reported by the	KPIs should be clearly defined within the contract / agreement with the service provider, in order for the Council to monitor performance of the service on a periodic basis.

	with the provider. The contract value is £743k.	provider and Harrow to Barnet to enable oversight and performance management.		
Management Response			**Responsible Officer**	**Deadline**
Please see our response to the point above. The contract with CNWL was inherited from the NHS on 1st April 2013, the contract inherited did not have a specification or KPI's for the delivery of GUM services. Following detailed discussions and negotiations with the Providers, this has been rectified for 2014/15 contracting period. Contracts for the 2014/15 contracting period do now include KPI's and clear expectations of our performance data requirements. As noted in section 2.1 above performance and contract monitoring will now be undertaken by a revised Public Health Governance Board.			Lead Commissioner	Completed

2.4 Attendance at the joint Public Health governance board meetings

P	Detailed finding	Risk	Recommendation
2	From review of the Inter-Authority Agreement (IAA) between Barnet and Harrow for the joint Public Health service, we noted that the required members for the governance board include Barnet Council's Section 151 officer and a Barnet CCG representative. We confirmed through review of two sets of governance board meeting minutes that the	Inadequate representation for Barnet at the joint Public Health governance board meetings may lead to inadequate consideration of Barnet's priorities and a lack of oversight of the service.	The joint Public Health governance board should endeavour to engage with and facilitate the attendance of the Council's Section 151 officer and a Barnet CCG representative at board meetings, so as to meet the requirements stipulated within the IAA. Alternatively the IAA should be updated to better reflect the most effective

	Council's Section 151 officer and a Barnet CCG representative were not in attendance, with no reason given. We did however note that a Barnet CCG representative was present at the February 2014 governance board meeting.		membership for the governance board.

Management Response	Responsible Officer	Deadline
Each member of the Governance board should receive copies of the papers for each meeting. Following the local elections and confirmation of the next Chair of the board we will request that he/she writes to each of the partners explaining the need for regular attendance at meetings. A finance professional from Barnet Council was in attendance at the last meeting.	Lead Commissioner	2.6.2014

2.5 Performance monitoring of the Public Health Lead Commissioner management agreement

P	Detailed finding	Risk	Recommendation
2	A Public Health performance dashboard is presented on a quarterly basis to the joint Public Health governance board by the Director of Public Health. This reflects the Public Health outcomes framework. However, we noted that the Key Performance Indicators (KPIs) outlined within the Lead Commissioner management agreement are not reported to the governance board. We also noted from review of two Council	Timely performance monitoring may not be in place to ensure the terms of the management agreement are being met, resulting in potential issues not being identified and remedial actions not being taken where necessary.	a) Management should ensure that all KPIs, including those in the Lead Commissioner management agreement, are reported in a timely manner to the joint Public Health governance board. b) The Lead Commissioner management agreement should be updated so that the reporting frequency of KPIs is in line with when data is received from third parties.

	performance dashboard reports presented to the Strategic Commissioning Board (SCB) and Cabinet Resources Committee (CRC) that one was incomplete - a quarterly KPI ("Reduction in the number of mothers that smoke at the time of delivery") had not been reported in quarter one. We are aware that management are reliant upon third party organisations for certain data sets.		

Management Response	Responsible Officer	Deadline
This failing was in part, due to the nature of the KPI's that were originally agreed in that the reporting of a proportion of these is on an annual basis. However, the management agreement does now contain KPI's that are aligned to the reporting process. Performance indicators have been renegotiated for the 2014/15 period and reporting mechanisms have been agreed with representatives from the performance team at Barnet Council KPI's are reported to the Public Health Governance Board and to the Council's Performance and Contract Monitoring Committee.	Public Health Consultant	26th May 2014

Appendix A: Statement of responsibility

We take responsibility for this report which is prepared on the basis of the limitations set out below.

The matters raised in this report are only those which came to our attention during the course of our internal audit 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 internal audit work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices. We emphasise that the responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Auditors, in conducting their work, are required to have regards to the possibility of fraud or irregularities. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud. Internal audit procedures are designed to focus on areas as identified by management as being of greatest risk and significance and as such we rely on management to provide us full access to their accounting records and transactions for the purposes of our audit work and to ensure the authenticity of these documents. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Appendix B: Guide to assurance and priority

The following is a guide to the assurance levels given:

	Substantial Assurance	There is a sound system of internal control designed to achieve the system objectives. The control processes tested are being consistently applied.
	Satisfactory Assurance	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the system objectives at risk.
	Limited Assurance	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the system objectives at risk.
	No Assurance	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

Priorities assigned to recommendations are based on the following criteria:

Priority Rating 1 = High – Fundamental issue where action is considered imperative to ensure that the Council is not exposed to high risks; also covers breaches of legislation and policies and procedures. Action to be effected within 1 to 3 months.

Priority Rating 2 = Medium – Significant issue where action is considered necessary to avoid exposure to significant risk. Action to be effected within 3 – 6 months.

Priority Rating 3 = Low – Issue that merits attention/where action is considered desirable. Action usually to be effected within 6 months to 1 year.