



**SOUTHAMPTON**  
CITY COUNCIL

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**Internal Audit Report**

**SCC1819-075**

**Q&I - ICU Contract Management**

**Overall Assurance: Assurance**

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Author: Carol Dawkins

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Recipient: Stephanie Ramsey, Director of Quality and Integration; Chris Pelletier, Associate Director Provider Relationship; and Sandy Hopkins, Chief Executive

Approved by Chief Internal Auditor, Elizabeth Goodwin: 

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## **Executive Summary**

An audit review of the Integrated Commissioning Unit Contract Management was undertaken as part of the 2018/19 Audit Plan. The Integrated Commissioning Unit (ICU) was established in 2013, and brings together Southampton City Council and Southampton City Clinical Commissioning Group (CCG) to review, plan, design, purchase and monitor health and social care services in Southampton.

The ICU manages a programme of work to integrate health and social care services in the city, including the Better Care agenda. It commissions prevention and early intervention services, fostering, domiciliary and residential care and community health services.

### **Achievement of organisation's strategic objectives Assurance Level: Assurance**

Local procedures are in place within Southampton City Council relating to the commissioning of contracts, (Contract Procedure Rules), updated in May 2018. These were reviewed and found to be appropriate as a guide for commissioning. National legislation in the form of the Health and Social Care Act 2012 and the Care Act of 2014 also cover the commissioning of services. Procedures in place in the ICU reflect both legislation and local guidance.

### **Compliance with Policies, Laws and Regulations Assurance Level: Assurance**

One contract, subsequently let to the Salvation Army was selected for detailed review of the processes in place. A step by step walk through of the process which took place around the commissioning of this contract was undertaken, reviewing documentation and approvals at appropriate levels. At all stages, evidence was available to confirm that the contract had been dealt with correctly, and the appropriate governance was in place.

On completion of the commissioning process, and due diligence having taken place, an award letter was issued, and the contract signed and sealed. Copies of all relevant documents were retained.

Monitoring of the contract is undertaken by the Commissioning Lead. A monitoring form is completed on a quarterly basis which contains factual statistical information. Performance Indicators, financial information, risk registers and issues with the provider are all recorded to show the level of monitoring in place.

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**Effectiveness & Efficiency of Operations Assurance Level: Assurance**

Contract management and monitoring is detailed under the Compliance heading above. Further monitoring comes in the form of regular reporting to the Contract Life Cycle Management Committee (CLCMC), and the reporting of updates to the dashboard. The self-verification of monitoring by the Commissioning Leads was tested through a review of the information available to support it. Requests were issued to two Commissioning Leads in respect of their SCC contracts for evidence to support their dashboard information, and to confirm monitoring. Responses have been received which show that the performance of the contract is monitored and reported appropriately.

**Completion of the audit Assurance Level: Assurance**

No exceptions have been raised as a result of this review. Testing was conducted on the processes for Integrated Commissioning Unit Contract Management, and a review of one contract. Based on this testing Internal Audit can give assurance that Integrated Commissioning Unit Contract Management is of low risk to the Authority.

***Please be aware that summaries of all exceptions are routinely reported to the Governance Committee who may call in any Audit report they wish. Where any critical exceptions are found and/or the audit receives an overall level of 'No Assurance' these will be reported in their entirety to the Governance Committee along with the Directors comments. These exceptions may also be reported to the relevant Portfolio holder.***

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## **ASSURANCE LEVELS**

The overall assurance is given on the activity that has been audited.  
These levels are based on the areas tested within the audit as noted with the Objectives & Scope.

<b>Levels:</b>	<b>Description / Examples</b>
Assurance	No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority
Reasonable Assurance	Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority
Limited Assurance	Control weaknesses or risks were identified which pose a more significant risk to the Authority
No Assurance	Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit

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## **Objectives and Scope**

The objectives of the audit were to ensure that the process for managing contracts within the ICU is robust, with appropriate governance in place to manage all aspects of the contract from start to finish.

As a result the key controls of the system were tested as detailed below:

### **Achievement of organisation's strategic objectives**

- Appropriate governance is in place around the contract management processes, including legislation and local policies and procedures to ensure the transparent management of contracts within the ICU.

### **Compliance**

- Local processes are in place which comply with the guidance for the management of contracts within an Integrated Commissioning Unit, with regard to:
  - Appropriate letting of the contract, including any tendering processes.
  - Due diligence around the prospective and selected providers.
  - The ongoing management of the contract, including the provider/commissioner relationship, the monitoring and management of finances in relation to the services provided.
  - Monitoring and management of performance during the course of the contract, and the meeting of key performance indicators.
- One contract will be selected for full testing from tender to current status.

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**Effectiveness of Operations**

- Ensure that contracts are monitored and this is recorded to confirm that it is taking place in compliance with the local procedures.
  - Further testing of key documentation from a sample of contracts let by the ICU will determine that appropriate actions have been taken.

Provide assurance that self-verification by Commissioning Leads on the ICU dashboard is accurate and valid. Undertake sample testing to confirm.

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<b>Priority Level</b>	<b>Description</b>
<b>Critical Risk</b>	<p>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the organisation's objectives in relation to:</p> <ul style="list-style-type: none"><li>▪ The efficient and effective use of resources</li><li>▪ The safeguarding of assets</li><li>▪ The preparation of reliable financial and operational information</li><li>▪ Compliance with laws and regulations</li></ul> <p>And corrective action needs to be taken immediately.</p>
<b>High Risk</b>	<p>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not "show stopping" but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</p>
<b>Medium Risk</b>	<p>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</p>
<b>Low Risk - Improvement</b>	<p>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</p>