

Contract Management for New Service Delivery Models

City of York Council

Internal Audit Report 2014/15

Business Unit: Corporate and Cross-Cutting
Responsible Officer: Director of Adult Social Care
AD Communities Culture & Public Realm
Date Issued: 20 February 2015
Status: Final
Reference: 19230/024

	P1	P2	P3
Actions	0	1	2
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

In 2014 new service delivery models will be used to provide a number of council services including libraries and archives, warden call and the Community Equipment Loan Service (CELS). A new service model for marketing and business development is also under development.

New models of service delivery designed to improve outcomes for residents represent new or increased risk that key services may not be provided to acceptable standards, that monitoring of performance against contractual arrangements may be weak or inefficient, and that improvements to services may not be identified. For statutory services such as libraries, there may also be legal implications in the event that service provision does not meet the requirements set out by legislation.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system ensure that:

- Monitoring and quality assurance arrangements are robust and targets link directly to agreed outcomes
- Performance management processes are adequate and clearly defined
- Performance reports are produced and reviewed by relevant officers at appropriate intervals in line with agreed standards
- Where services are front-facing, appropriate mechanisms are in place for obtaining customer feedback and handling complaints

The audit reviewed these objectives in relation to Explore and Be Independent, as well as considering proposed arrangements for the planned new company for marketing and business development (Make it York).

Key Findings

In addition to the overall opinion given below, a separate opinion is given for each service area reviewed. While no significant weaknesses were identified, actions are required with respect to reporting arrangements in both Explore and Be Independent. It is acknowledged that all of the services reviewed were not fully mature at the time of the audit and therefore the opinions given relate to the services at the stage of development at the current time. There would be value in revisiting each service in the future in order to better assess the robustness of established controls.

Overall Conclusions

It was found that the arrangements for managing risk were good with few weaknesses identified. An effective control environment is in operation, but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

Conclusions for individual services

Explore

Overall opinion: Substantial Assurance

Regular meetings take place in line with the needs of the service allowing for ongoing dialogue in relation to performance issues. Arrangements for reporting to the scrutiny committee are robust and will be further improved by structuring narrative detail to reflect the outcomes specified in the contract. The findings in relation to Explore pertain to monitoring of complaints, and documentation of client meetings. Details of the findings and actions are given in sections 1 and 2 below.

Be Independent

Overall opinion: High Assurance

The arrangements for monitoring and reporting on performance at an operational level are detailed and robust, and there is a clear record kept of issues identified and action taken. The Quality Assurance Visits provide a strong mechanism for measuring service standards and identifying weaknesses as well as areas for proactive improvement. The measures taken to solicit customer feedback and improve complaint handling will strengthen the process in relation to customer feedback. The finding relating to Be Independent pertains to reporting of performance to members. Details of the finding and related action are given in section 3 below.

Make it York

Overall opinion: No opinion given

Detail relating to targets, measures and monitoring as set out within the draft SLA reviewed at the time of the audit appeared reasonable, and discussion with officers suggested that consideration had been given to expected areas of control. As the service was at the pre-contract stage at the time of the audit, no opinion has been given on the effectiveness of controls within the system. It would be of benefit to revisit the service in future once arrangements are firmer and more detailed in order to make a proper assessment of controls.

1 Monitoring of complaints

Explore

Issue/Control Weakness

Complaints received and handled by Explore are not reported to the council.

Risk

There will not be adequate oversight of complaints. The council will be unable to judge whether complaint handling is satisfactory.

Findings

The contract between the council and Explore stipulates that 'If Explore is investigating or dealing with any complaint the council shall not intervene or carry out separate investigations unless it reasonably considers Explore's action is inadequate'. The council does not currently have a mechanism for monitoring complaints and thus would be unaware if a complaint was received, or what action was taken. It therefore would not be possible for a judgement to be formed as to whether complaints had been handled adequately. An understanding of Explore's process for handling complaints (e.g. timescales for resolution, stages of escalation) would also be required in order to inform this judgement.

Agreed Action 1.1

Numbers of complaints received and timescales/action taken to resolve them will be requested from Explore alongside the quarterly monitoring information. A copy of the finalised policy for complaint handling will be obtained from Explore, and this will be utilised to inform assessment of the adequacy of action taken.

Priority

2

Responsible Officer

AD, Communities, Culture & Public Realm

Timescale

31 January 2015

2 Documenting client meetings

Explore

Issue/Control Weakness

Explore client meetings are not minuted.

Risk

Records of discussions or performance issues will not be adequate.

Findings

The contract with Explore stipulates that authorised officers for both parties will "meet on a regular basis for the purpose of ensuring the smooth running of the contract and to identify concerns early enough to prevent disputes arising" (section 8, paragraph 8.5). Client meetings are not currently minuted, and as such in the event that concerns needed to be escalated, there may not be a record of when the issue was originally identified, or what action had been taken or agreed to address it. Minuting of client meetings would allow a transparent and comprehensive record to be kept of discussions relating to performance or concerns, as well as providing a clear trail of action and timescales.

Agreed Action 2.1

Minutes will be taken at Explore client meetings and retained as a record of discussions, actions and timescales.

Priority

3

Responsible Officer

AD, Communities,
Culture & Public Realm

Timescale

31 January 2015

3 Performance reporting to members

Be Independent

Issue/Control Weakness

There is no arrangement for reporting performance of Be Independent to members.

Risk

There will be no independent oversight of the service.

Findings

Consideration is currently being given to the inclusion of performance indicators on DMT dashboards, which will strengthen the oversight of the service at management level. However, there is currently no process established for reporting performance of Be Independent to members. While the new service model was being set up, updates were provided to the Health Overview and Scrutiny Committee - the most recent report being presented in May 2014 - however since this time, performance of the service has not been reported.

Agreed Action 3.1

An arrangement for formalised reporting of service performance will be discussed with the chair of the Health Overview and Scrutiny Committee, and the content and frequency of reports will be agreed.

Priority

3

Responsible Officer

Commissioning &
Contracts Manager

Timescale

July 2015

Annex 1

Audit Opinions and Priorities for Actions

Audit Opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit.

Our overall audit opinion is based on 5 grades of opinion, as set out below.

Opinion	Assessment of internal control
High Assurance	Overall, very good management of risk. An effective control environment appears to be in operation.
Substantial Assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable Assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited Assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No Assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

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