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Internal Audit Report 2017/2018

Governance arrangements relating to the Better Care Fund

*NHS Wolverhampton
CCG*

July 2018



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Distribution list

For action:

Andrea Smith, Head of Integrated Commissioning

For information:

Steven Marshall, Director of Strategy and Transformation
Tony Gallagher, Chief Finance Officer
Audit and Governance Committee



Executive summary (1 of 2)

Report classification



Low Risk
(1 point)

Current year finding	Critical	High	Medium	Low	Advisory
Control design	-	-	-	1	-
Operating effectiveness	-	-	-	-	-
Total	-	-	-	1	-

Executive summary (2 of 2)



Headlines/summary of findings

Our review looked at the CCG's governance arrangements relating to the Better Care Fund, focusing on four objectives:

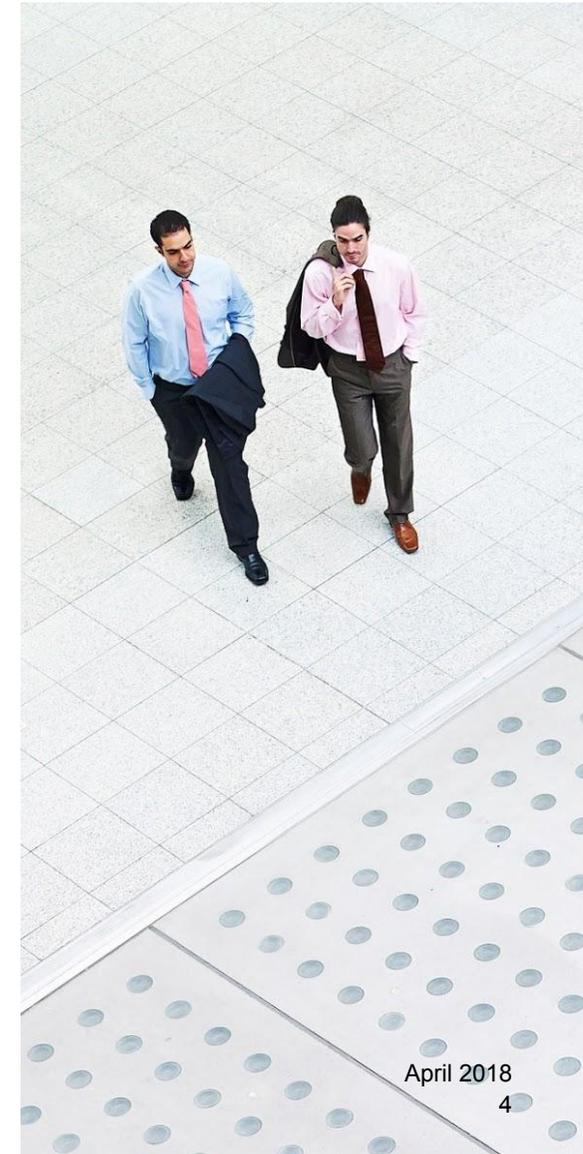
- The CCG and the Council have a clearly defined structure in place for management of the Better Care Fund;
- The Programme Board has clearly defined terms of reference;
- The CCG's Governing Body receives timely and comprehensive updates on the Board's activities; and
- The BCF has clearly defined work streams and service schedules that clearly articulate how the money contributed to the fund is intended to be used.

Overall officers were satisfied that the governance arrangements are robust and effective. There is senior involvement from both the Council and the CCG, with the Programme Board co-chaired by the CCG's Chief Officer and the Council's Director of Adult Social Care. The workstreams have designated leads and are supported by a PMO function, with supporting governance arrangements such as risk registers in place.

Two minor areas for improvement were noted during the course of the review:

- The Terms of Reference in relation to the Better Care Fund Programme Board had not been reviewed for some time and officers felt that the Terms of Reference needed to be "refreshed". This has already been actioned; revised Terms of Reference were agreed at the June 2018 meeting, having been amended for additional members, and updating the purpose, functions and key tasks of the Board.
- Whilst the Better Care Fund is regularly referenced in Governing Body papers, and there is involvement with the Better Care Fund by senior CCG officers, there is no regular formal reporting to the Governing Body in relation to the Better Care Fund. Officers have proposed to address this by taking to the Governing Body the report on the Better Care Fund which is considered by the Health and Wellbeing Board on a quarterly basis.

We would like to thank the CCG staff for their help during the course of this review.



Current year finding

Reporting to the Governing Body

Control design

1

Finding rating

Rating

Low

Finding and root cause

Review of the Governing Body papers indicates that the Better Care Fund is regularly referenced in papers. For example, based on a review of the papers for meetings in 2018 to the date of this report, the Better Care Fund is referred to in the following ways:

- Finance plan and budget for 2018/19 (April 2018)
- Chief Officer's report (May 2018)
- Risk register (February 2018 and May 2018)
- Draft Joint Mental Health Strategy (July 2018)
- The Wolverhampton Place Strategy (July 2018)

However, there are no formal papers taken to Governing Body setting out activity, progress and impact of the Better Care Fund.

Implications

Members of the Governing Body may not have a full understanding of issues facing the Better Care Fund, and may not have the opportunity of challenging the relevant officers.

Action plan

The Better Care Fund report which the Health and Wellbeing Board receives on a quarterly basis will be presented to the CCG's Governing Body.

Responsible person/title:

Andrea Smith, Head of Integrated Commissioning

Target date:

30 September 2018

Reference number: April 2018

BCF 1718 1



**Appendix A: Basis of our
classifications**

**Appendix B: Terms of
reference**

**Appendix C: Limitations
and responsibilities**

Appendices

Appendix A: Basis of our classifications

Individual finding ratings

Critical

A finding that could have a:

- **Critical** impact on operational performance; or
- **Critical** monetary or financial statement impact; or
- **Critical** breach in laws and regulations that could result in material fines or consequences; or
- **Critical** impact on the reputation or brand of the organisation which could threaten its future viability.

High

A finding that could have a:

- **Significant** impact on operational performance; or
- **Significant** monetary or financial statement impact; or
- **Significant** breach in laws and regulations resulting in significant fines and consequences; or
- **Significant** impact on the reputation or brand of the organisation.

Medium

A finding that could have a:

- **Moderate** impact on operational performance; or
- **Moderate** monetary or financial statement impact; or
- **Moderate** breach in laws and regulations resulting in fines and consequences; or
- **Moderate** impact on the reputation or brand of the organisation.

Appendix A: Basis of our classifications

Individual finding ratings

Low

A finding that could have a:

- **Minor** impact on the organisation’s operational performance; or
- **Minor** monetary or financial statement impact; or
- **Minor** breach in laws and regulations with limited consequences; or
- **Minor** impact on the reputation of the organisation.

Advisory

A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Report classifications

The report classification is determined by allocating points to each of the findings included in the report.

Findings rating	Points		
Critical	40 points per finding	Low risk	6 points or less
High	10 points per finding	Medium risk	7 – 15 points
Medium	3 points per finding	High risk	16 – 39 points
Low	1 point per finding	Critical risk	40 points and over

Appendix B: Terms of reference

Background

The Better Care Fund (BCF) provides a mechanism for joint health and social care planning and commissioning, bringing together ring-fenced budgets from:

- Clinical Commissioning Group (CCG) allocations;
- the Disabled Facilities Grant (DFG); and
- funding paid directly to local government for adult social care services – the Improved Better Care Fund (IBCF). The Spring Budget 2017 announced an additional £2 billion to support adult social care in England. This money is included in the IBCF grant to local authorities (LAs) and will be included in local BCF pooled funding and plans.

Both the DFG and the IBCF grant are subject to grant conditions set out in grant determinations made under Section 31 of the Local Government Act 2003.

There are four national conditions which local areas are required to meet through the planning process in order to access the funding in 2017/18:

That a BCF Plan, including at least the minimum contribution to the pooled fund specified in the BCF allocations, must be signed off by the Health and Wellbeing Board, and by the constituent Local Authorities and CCGs	A demonstration of how the area will maintain in real terms the level of spending on social care services from the CCG minimum contribution to the fund in line with inflation
That a specific proportion of the area’s allocation is invested in NHS-commissioned out-of-hospital services, or retained pending release as part of a local risk sharing agreement	All areas to implement the High Impact Change Model for Managing Transfer of Care to support system-wide improvements in transfers of care

The national metrics for measuring progress of integration through the BCF for 2017/18 are:

1. Non-elective admissions (General and Acute);
2. Admissions to residential and care homes;
3. Effectiveness of reablement; and
4. Delayed transfers of care. (Source: NHS England).

Appendix B: Terms of reference

Audit objectives

The CCG has in place a Better Care Pooled Fund arrangement with the City of Wolverhampton Council (WCC). For 2016/17, the contributions by the CCG and WCC by workstream were as follows:

Workstream	CCG Contribution (£000)	City Council Contribution (£000)
<i>Adults Community Services</i>	26,083	18,607
<i>Dementia</i>	2,624	324
<i>Mental Health Care Act</i>	6,419	2,713
<i>Total Revenue Contribution</i>	36,090	21,644
<i>Capital – Ring Fenced Grant</i>	-	2,440
<i>Total Contribution to Pooled Fund</i>	36,090	24,084

Each of the three main workstreams has in place a service schedule outlining the aims and outcomes, arrangements in place for delivery, functions, services, commissioning contracts and financial contributions. The responsibility for the management of the Better Care Pooled Fund is WCC. WCC produces the financial reporting and the quarterly and annual reports on the overall operation of the arrangements for the Better Care Pooled Fund. This information will be shared with the overarching Partnership Board before circulation to the Health and Wellbeing Board and NHS England.

Our review of the Better Care Fund will focus on:

- Reviewing the governance arrangements in place through a desktop review of minutes and papers and a discussion with the Interim Chief Finance Officer and the Director of Strategy and Transformation

Please see the page 3 for detailed objectives and risks to be addressed in each of the above areas.

Appendix B: Terms of reference



Scope

The sub-processes and related control objectives included in this review are:

Sub-process	Risks	Objectives
BCF Governance Arrangements	<ul style="list-style-type: none"> • The BCF is unable to perform its intended purpose due to a lack of appropriate governance overseeing the decision making process • The CCG's Governing Body does not receive timely and comprehensive updates of the Board's activities • The BCF does not have clearly documented work streams and service schedules showing how the funding contributed is to be spent. 	<ul style="list-style-type: none"> • The CCG and the Council have a clearly defined structure in place for management of the Better Care Fund; • The Programme Board has clearly defined terms of reference; • The CCG's Governing Body receives timely and comprehensive updates on the Board's activities; and • The BCF has clearly defined work streams and service schedules that clearly articulate how the money contributed to the fund is intended to be used.

Appendix B: Terms of reference



Limitations of scope

Our testing will only consider the design and operation of key controls set out above within the CCG.

Specifically, this review will not consider the reasonableness or appropriateness of the BCF strategy or of the BCF's detailed plans for delivery of its strategy nor consider the risks associated with delivery of those plans.

This review will also not consider the accuracy of the financial information reported but will consider the level of information that is reported and the narrative explanation that is provided in support.

Audit approach

Our audit approach is as follows:

- Perform a desktop review of minutes and papers for the Partnership Board and other key documents such as terms of reference; and
- A meeting with the Interim Chief Finance Officer and the Director of Strategy and Transformation to discuss how the governance arrangements are working and compare this to other areas.

Appendix C: Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken this review subject to the limitations outlined below:

Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls is for the period specified only. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other changes; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

This document has been prepared only for Wolverhampton CCG and solely for the purpose and on the terms agreed with Wolverhampton CCG in our agreement dated 20th April 2016. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

Internal audit work was performed in accordance with PwC's Internal Audit methodology which is aligned to the Public sector internal audit standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

If you receive a request under freedom of information legislation to disclose any information we provided to you, you will consult with us promptly before any disclosure.

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