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Internal Audit Report 2018/2019

Delegated Commissioning

Wolverhampton CCG

Final

March 2019



pwc

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Distribution list

For action: Steven Marshall, Director of Strategy
Sarah Southall, Head of Primary Care
Gillian Shelley

For information: Primary Care Commissioning Committee
Members of the Audit Committee



Executive summary (1 of 2)

Report classification



**Low Risk
(3 points)**

	Critical	High	Medium	Low	Advisory
Control design	0	0	0	0	0
Operating effectiveness	0	0	1	0	1
Total	0	0	1	0	1

NHSE Assurance Rating:	Description
Substantial	<ul style="list-style-type: none"> The controls in place do not adequately address one or more risks to the successful achievement of objectives; and / or One or more controls tested are not operating effectively, resulting in unnecessary exposure to risk.

Executive summary (2 of 2)



Summary of findings

On 22 August 2018 NHS England published the *Primary Medical Care Commissioning and Contracting: Internal Audit Framework for delegated Clinical Commissioning Groups*. This year's audit focused on the Contract Oversight and Management Functions, including the following areas:

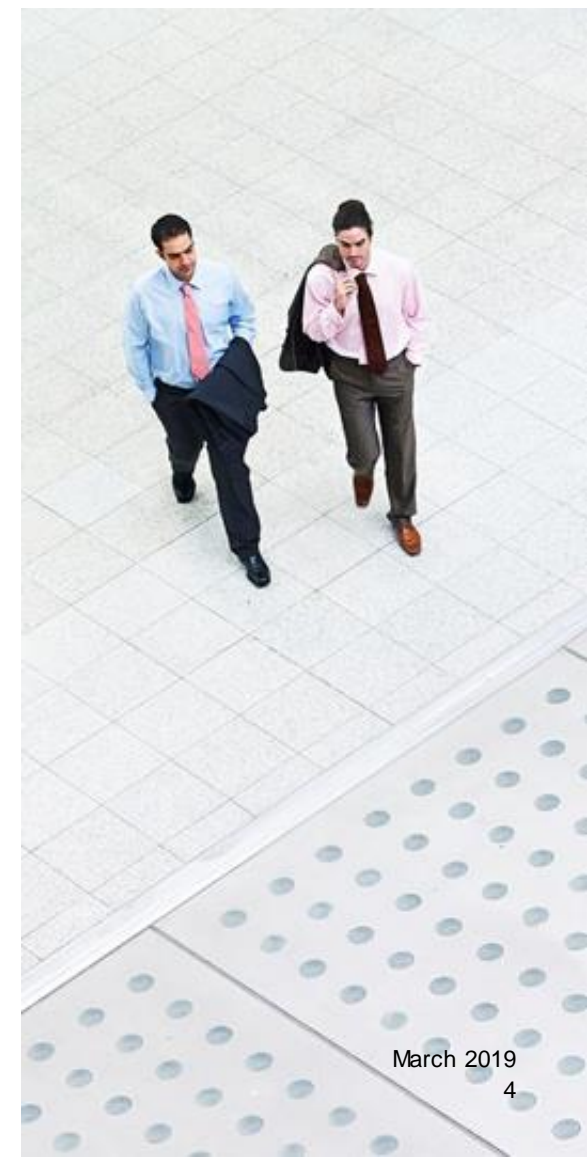
- Governance arrangements;
- GP practice opening times;
- The management of patient lists;
- The review of practices to assure quality, safety and performance; and
- The management of practice closures and mergers.

Fieldwork was based on a review of documentation and conversations with key individuals within Wolverhampton CCG, and the following medium risk rated finding has been identified as an area for improvement:

- Practices were not regularly assessed on quality, safety and performance through practice visits.

For this review we are required by NHSE to issue an NHSE Assurance rating, and have provided a 'Substantial Assurance' conclusion. Further details on the assurance rating scales provided by NHSE are provided in Appendix A.

We would like to thank all staff involved in this review for their time and assistance.



Current year findings (1 of 2)

Reporting patient lists

Operating effectiveness

1

Finding rating

Rating

Advisory

Finding

Patient lists are managed through the Primary Care Support Service within NHS England, who report patient list sizes each quarter to the finance team within Wolverhampton CCG. Patient lists are not reported at the PCCC (Primary Care Commissioning Committee)

Patient list sizes are currently monitored on an informal basis and not formally reported, however a dashboard is being developed and it is intended that patient list sizes will be reported to OMG (Operational Management Group) using the dashboard on a quarterly basis.

Recommendation

The CCG should report patient lists to the Operational Management Group (OMG) each quarter by exception to highlight any significant fluctuations in list sizes for discussion and triangulation with other sources of quality of performance data.

Current year findings (2 of 2)

Regularly assessing practices on quality, safety and performance

Operating effectiveness

2

Finding rating

Rating

Medium

Finding and root cause

Contract visit reviews are undertaken by the Primary Care Assurance Coordinator and Primary Care Contracting Officer to assess the safety, quality and performance of the practice and results are recorded using a template. Following visits, issues are escalated to the PCCC by exception from the Operational Management Group (OMG).

During fieldwork we reviewed the contracts in place for four practices (Woden Road, Primrose Lane, Showell Park and Poplars Medical Practice) that had received contract review visits since 1 April 2018, to check how often contract performance reviews should be taking place. The contracts suggested performance reviews should take place on an annual basis. The Primary Care Liaison Manager at Wolverhampton CCG confirmed it was planned that contract performance should be reviewed every three years through a contract review visit, however due to resourcing constraints they were now struggling to complete the visits on a three year basis.

The following actions have been taken to try to mitigate the risk of insufficient resource to regularly complete contract review visits:

- The CCG is reliant on receiving information such as soft intelligence relating to practice performance at the OMG (Operational Management Group) from regulators and partners. A member from CQC normally attends the group as well as primary care leads from the CCG Public Health and NHS England, and are able to raise any concerns and issues seen within practices. The Primary Care Liaison manager then prioritises practice visits based on those most likely to have contractual compliance issues using this intelligence.
- There are plans in place to create a practice level dashboard which will include high level information on resilience (premises, income, list size), quality and the NHS benchmark survey. It is intended that this information will be extracted from various systems and will be reported to the Head of Primary Care (Wolverhampton CCG) each month from March 2019 and will be reported at the OMG and PCCC each quarter.

Current year findings (2 of 2)

Regularly assessing practices on quality, safety and performance

Operating effectiveness

2

Implications

If contract performance reviews do not periodically take place due to resourcing constraints, and e-declarations do not require evidence-based responses there is a risk that practices may not be sufficiently assessed based on their safety, quality and performance.

This could pose a risk to patient safety since poor provision of services may not be highlighted and remediation plans put in place.

Action plan

A dashboard is currently being developed by the Business Intelligence Team and is now in draft form. A workshop is due to take place towards the end of March 2019 between the Business Intelligence Team, the Director of Primary Care, the Head of Primary Care and Primary Care Contracts Manager to review the usability of the content of the dashboard and how best to present the data.

Responsible person/title:

Sarah Southall
Head of Primary Care

Target date:

1st August 2019

The dashboard will be presented quarterly at the OMG for each provider and will show a high level view of all providers based on patient safety, CQC ratings, complaints, serious incidents, per forma referrals to NHS England, workforce and patient lists as well as financial income. The dashboard will also be used to identify practices with issues that could potentially impact performance and those that require further investigation and additional support.

Reference number:

DC3 1819

**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; 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	Report classification	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 A: Basis of our classification

NHSE Classifications

NHS England requires delegated CCGs internal audit assign one of four categories to their assurance of primary medical services commissioning.

Full	<ul style="list-style-type: none"> The controls in place adequately address the risks to the successful achievement of objectives; and, The controls tested are operating effectively.
Substantial	<ul style="list-style-type: none"> The controls in place do not adequately address one or more risks to the successful achievement of objectives; and / or, One or more controls tested are not operating effectively, resulting in unnecessary exposure to risk.
Limited	<ul style="list-style-type: none"> The controls in place do not adequately address multiple significant risks to the successful achievement of objectives; and / or, A number of controls tested are not operating effectively, resulting in exposure to a high level of risk.
No assurance	<ul style="list-style-type: none"> The controls in place do not adequately address several significant risks leaving the system open to significant error or abuse; and / or, The controls tested are wholly ineffective, resulting in an unacceptably high level of risk to the successful achievement of objectives.

The assurance grading's provided here are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full Assurance' does not imply that there are no risks to the stated control objectives.

Appendix B: Terms of reference

This review is being undertaken as part of the 2018/2019 internal audit plan approved by the Audit Committee.

Background and audit objectives

On the 22 August 2018 NHS England published the *Primary Medical Care Commissioning and Contracting: Internal Audit Framework for delegated Clinical Commissioning Groups*. The framework requires an annual audit of primary care that must cover the following four areas over the course of a four year cycle:

- Commissioning and Procurement of Services;
- Contract Oversight and Management Functions;
- Primary Care Finance; and
- Governance (common to each of the areas above).

This year's audit will focus on Contract Oversight and Management Functions.

The Framework contains additional reporting requirements for this audit. The audit's overall risk rating (low, medium, high, and critical) must now be aligned to one of four assurance levels used by NHS England:

- Full;
- Substantial;
- Limited;
- No assurance.

Internal audit will provide guidance to the CCG and the Audit Committee on how the risk ratings and assurance levels should be aligned as part of the final report.

Appendix B: Terms of reference

Scope

We will review the design and operating effectiveness of key monitoring controls in place relating to contract oversight and management functions during the period 1st April 2018 to the time of our audit work.

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

Sub-process	Objectives
Governance arrangements	<ul style="list-style-type: none"> The Primary Care Commissioning Committee (PCCC) receives sufficient information to inform each of the sub-processes in this review. There are clearly defined committee roles and responsibilities for the contract oversight and management functions outlined in each of the sub-processes in this review. Key individuals involved in the management of contract oversight and management functions have been identified and their roles and responsibilities have been clearly defined.
GP Practice opening times and the appropriateness of sub contracted arrangements	<ul style="list-style-type: none"> For all delegated contracts an agreement is in place over GP practice opening times and compliance is monitored and validated by the CCG on an annual basis.
Managing patient lists and registration issues	<ul style="list-style-type: none"> A targeted programme of list maintenance focusses on those practices likely to experience a significant turnover in patient numbers. A list is maintained and monitored of all GP practices that agree to register patients who live outside of the practice boundary area. The CCG has a special allocation scheme in place for qualifying patients and the CCG undertakes checks to ensure that protections for staff supplying the service are robust and operate efficiently and in line with the regulations.

Appendix B: Terms of reference

Sub-process	Objectives
Review of practices to assure quality, safety and performance	<ul style="list-style-type: none"> Practices are assessed on a risk basis in terms of safety, quality, and performance for identification for a contract review. For performance this includes financial metrics to identify any potential issues with their viability or the exposure of the CCG's to third party liabilities. Evidence from the CQC is taken into account when identifying practices for intervention and there is appropriate involvement of the CQC in agreeing action plans for remediation. Where a contract review identifies issue with the safety, quality, and performance of the practice, a remediation plan is developed and monitored to ensure effective implementation.
Management of practise mergers and closures	<ul style="list-style-type: none"> Where a practice is proposed for closure or merger there has been sufficient and appropriate engagement with stakeholders which has been documented. Decisions to close or merge a practice have taken into account the relevant equality and health inequality duties as set in section 24 of the Internal Audit Framework for delegated Clinical Commissioning Groups.

Limitations of scope

The scope of this review will be limited to the areas identified above.

Our testing is based on a sampling approach and findings may not be representative of all instances of a process undertaken by the CCGs.

Audit approach

Our audit approach is as follows:

- Obtain an understanding of contract oversight and management processes outlined in the scope section through discussions with key personnel, review of systems.
- Identify the key risks of the auditable unit.
- Evaluate the design of the controls in place to address the key risks.
- Test the operating effectiveness of the key controls.

Appendix B: Terms of reference

Internal audit team

Name	Title	Role	Contact details
Alison Breadon	Partner	Head of Internal Audit	alison.breadon@pwc.com
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Reena Bajaj	Manager	Oversight of fieldwork	reena.s.bajaj@pwc.com
Sophie Mubarak	Internal Auditor	Fieldwork auditor	sophie.mubarak@pwc.com

Key contacts – Wolverhampton CCG

Name	Title	Contact details
Steven Marshall	Head of Strategy	steven.marshall3@nhs.net
Vic Middlemiss	Head of Contracts and Procurement	vicmiddlemiss@nhs.net
Sarah Southall	Head of Primary Care	sarah.southall@nhs.net

Information request

- The terms of reference of the PCCC and any working groups.
- Any minutes of the PCCC finalised for 2018/19 and any working groups.
- Outcomes from any audits undertaken of GP practice opening times.
- Policies and procedures covering the special access scheme and out of area placements.
- Reporting by the quality team on the performance and resilience of individual GP providers.
- A listing of all GP practices subject to contract management visits in 2018/19.
- A listing of all GP practices identified in breach of contract or requiring intervention in 2018/19.
- Evidence of public engagement relating to any practice mergers or closures in 2018/19.

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 27th 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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