



NHS SOMERSET CCG

INTERNAL AUDIT REPORT

PRIMARY CARE COMMISSIONING
FEBRUARY 2022

LEVEL OF ASSURANCE - NHS ENGLAND GUIDANCE

FULL

LEVEL OF ASSURANCE

Design

Operational Effectiveness

Substantial

Moderate

IDEAS | PEOPLE | TRUST



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DISTRIBUTION

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REPORT STATUS LIST

Auditors:	Mona He
Dates work performed:	10 - 30 January 2022
Draft report issued:	10 February 2022
Final report issued:	28 February 2022

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE: (SEE APPENDIX II FOR DEFINITIONS)

Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS: (SEE APPENDIX II)

High	0
Medium	1
Low	0

TOTAL NUMBER OF RECOMMENDATIONS: 1

CRR/BAF REFERENCE:

The highest risk on the risk register is GP workforce sustainability - rating 16

BACKGROUND:

NHS England's Internal Audit Framework for delegated Clinical Commissioning Groups lays out the requirements for an annual internal audit of the CCG's primary medical commissioning arrangements from 2018/19, with the programme to be delivered over 3 to 4 years. NHS England retains overall responsibility and liability for delegated commissioning arrangements of the primary care medical budget. It is responsible for obtaining assurances that its functions are being discharged effectively. As a result, the internal audit is to provide information that CCGs are discharging NHS England's statutory primary care functions effectively. This information will be used to provide assurance to NHS England and facilitate engagement and improvement.

The Internal Audit Framework (finalised August 2018) is designed around the commissioning cycle;

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

NHS E has stated that the CCG should tailor their approach to take into account of the findings from any previous audit work and use the local assessment of risk to determine the appropriate focus of the scope.

The internal audit work for 2019/20 focussed on the contract oversight and management functions, governance arrangements and stage the CCG was at with establishing the Primary Care Networks. During 2020/21, NHS E/I, allowed the PCCC internal audit for NHS Somerset CCG to be deferred to 2021/22 due the pressures within the primary care team as a result of Covid-19 and their support on the vaccination programme.

For 2021/22, three areas have been identified for audit:

- The Locum Reimbursement Scheme
- Rent reviews
- Additional Role Reimbursement Scheme

The Statement of Financial Entitlement ('SFE') sets out the payments to GPs, including the rates for **locum reimbursement**. The CCG is responsible for ensuring that the correct rates are paid for, following claims submitted by GPs. The processes were inherited from NHS E/I.

Rent reviews of GP practices is the CCG's responsibility, a taken over from NHS E/I. Premise Cost Directions 2013 set out rules and these allow for GPs to have rents, repairs and leases reimbursed by the CCG.

During December 2019, the funding arrangements for the **Additional Roles Reimbursement Scheme** were published. This details the support to recruit up to 20,000 posts (nationally) across five specific roles (clinical pharmacists, social prescribing link works, physician associates, physiotherapists and paramedics) over the next five years. Currently the CCG has 114 posts in place.

Guidance is found in this link:

<https://www.england.nhs.uk/wp-content/uploads/2019/12/network-contract-des-additional-roles-reimbursement-scheme-guidance-december2019.pdf>

Details on the process by which Primary Care Networks ('PCNs') can claim reimbursement and the claim form have been provided nationally.

<https://www.england.nhs.uk/publication/des-additional-roles-reimbursement-scheme-claim-form-2020-21/>

From April 2020, four of the roles were allowed to be recruited to and from April 2021, paramedics were added. The amounts that can be claimed for these roles are prescriptive. Commissioners are required to ensure local processes are straightforward, with clear deadlines for submission of claims and timeliness of processing of these. The reporting, validation and notification of changes to PCN baselines are to be incorporated into procedures.

GOOD PRACTICE:

We have identified the following areas of good practice:

Locum Reimbursement Scheme

- The CCG has developed a SFE (Statement of Financial Entitlement) Process Card, outlining steps and processes that the Primary Care team should follow when processing reimbursement claims on GP and Locum's sickness, parental and study leaves. The procedures have been designed in line with the national guidance
- A central database is maintained by the Contract Officer and an individual tab is created for each GP with all payment claims registered to date
- The details of the SFE requirements are emailed to the Practice every time an application is made to ensure processes and requirements are followed
- The Contract Manager identified conflicts between the Primary Medical Care Policy and Guidance Manual (PGM) and the SFE guidance, and the different approaches adopted by the neighbour CCGs, ie whether to pay beyond 26 weeks for parental leave reimbursement. Confirmation has been sought from the NHSE/I officer that SFE (no time limit) should be followed
- There were 13 reimbursement claims made on sickness leaves and 10 claims on parental leaves during 2021. Our sample testing confirmed that sufficient evidence can be traced for each claim, including the application form, medical note, finance

calculation, and management's authorisation emails, etc. Payment has been calculated correctly within the maximum allowance limit

- On a monthly basis, SFE transactions are provided by the Primary Care Finance Officer to the Contract Manager and Deputy Director of Contracts for approval.

Rent Review

- A Current Market Rent (CMR) Review Process Card is in place, providing a step by step guide on how CMR Review should be carried out for each type of Practice premises (ie owned, leased, mortgaged, rented). It is in line with the NHS General Medical Services (GMS) Premises Cost Directions 2013
- A CMR master spreadsheet which was inherited from NHSE is maintained by the Primary Care Contracts Officer, who monitors it on a monthly basis. All Practices are registered in the spreadsheet with the details of the property and the next CMR due date listed.

Additional Roles Reimbursement Scheme (ARRS)

- Process Card for ARRS claims has been developed for the Primary Care team to follow when reviewing and approving applications and payment. The processes have been designed in line with the latest national guidance - 'Network Contract Directed Enhanced Service - Contract specification 2021/22 - PCN Requirements and Entitlements'
- The workforce baseline for each PCN has been agreed with the CCG as part of the Network Contract Directed Enhanced Services registration process at the start of the year. A budget is allocated to each PCN based on their weighted population
- ARRS utilisation is monitored on a monthly basis for each PCN and they are encouraged to utilise the budget in full. The underspent amount is open for bidding from the other PCNs
- A library of job descriptions has been developed to align with the national specification, to ensure the roles offered meet the eligibility criteria. The CCG uses TeamNet to share the NHSE job resources, and those that have been adapted and approved by the CCG (eg a Care Coordinator with a Cancer focus)
- All claims are made and approved through the NHS Mandated Portal. Roles maximum salaries are capped by the Portal automatically - including NI and Pension. The team also register the claims on a spreadsheet as there have been issues with the Portal. The Primary Care team attend the monthly Portal user group for the South Western region, to feedback issues with the portal
- We tested a sample of five ARRS claims made during 2021 and can confirm that they have been reviewed and approved properly in line with the national guidance.

General

- Clear roles and responsibilities have been defined in the Primary Care team with regular management meetings taking places within the team to ensure concerns and issues can be identified and escalated effectively to the Primary Care Operational Group (PCOG) and Primary Care Commissioning Committee (PCCC)
- A Primary Care Update Report is produced monthly and presented to PCOG. The report has been re-designed to include a section of SFE and Rent Review progress update.

KEY FINDINGS:

We identified the following area where controls can be strengthened:

Rent Review

We noted 58 (67%) of the 87 premises that are subject for regular Rent Reviews were overdue for the review as of 10 January 2022. We understand that the majority of them are in the process of being reviewed and the main issues were with the Practices being irresponsive (Finding 1 - Medium).

We understand that in response to the national direction amid Covid-19, the CCG performed a programme of work in December 2020 to prioritise the delivery of essential services and one of the outcomes was agreement to pause the undertaking of rent reviews until March 2021. It was subsequently agreed in January 2021 to further extend the pause until May in response to the pandemic position further escalating. It wasn't until late May 2021 when the CCG was in a position to deescalate and consider the journey of recovery, which included restarting the CCG functions previously paused.

We also recognise that the Practices have been through an intense 24 months delivering patient care and the national pressure to vaccinate the population during the pandemic. This further reinforces that engaging in the administrative undertaking of a rent review has not featured as a priority for practices. This will have a strong bearing on the number of notional rent reviews outstanding and despite best intentions, undertaking the rent review rests with the practice and/or landlord as we can't continue without their active engagement.

Therefore we can confirm that process was/is operating effectively without any unnecessary risk and the reason for being behind in our process is due to the pause and re-prioritisation, not because the process/governance is ineffective. Full assurance is provided in line with the NHSE Guidance.

The levels of assurance (see Appendix III for the definitions) that we are providing for the areas tested, using the NHS England guidance, are as follows

OVERALL LEVEL OF ASSURANCE - NHS ENGLAND GUIDANCE
FULL

Contracting and management functions

To review the processes for administering the Locum Reimbursement Scheme to ascertain whether they are efficient and robust. To review the plans to monitor the compliance of the Additional Roles with national policy requirements.	
<i>Locum Reimbursement Scheme</i>	<i>Additional Roles Reimbursement Scheme</i>
Full	Full

Primary Care Finance

To provide assurance that the financial implications with regards to the Locum Reimbursement Scheme, rent reviews and Additional Roles Reimbursement Scheme are being identified and escalated where appropriate. To test the claim process for the three areas.		
<i>Locum Reimbursement Scheme</i>	<i>Additional Roles Reimbursement Scheme</i>	<i>Rent Reviews</i>
Full	Full	Full

Governance

To provide assurance that reporting and monitoring arrangements are in place for the dissemination of concerns relating to the locum reimbursement scheme, rent reviews and the Additional Roles Reimbursement Scheme arrangements		
<i>Locum Reimbursement Scheme</i>	<i>Additional Roles Reimbursement Scheme</i>	<i>Rent Reviews</i>
Full	Full	Ful

CONCLUSION:

Overall, sound controls have been evidenced at the CCG with comprehensive local operating procedures and monitoring arrangements embedded within the dedicated Primary Care team to ensure national regulation and guidance are complied with for the SFE claims, Rent Reviews and ARRS applications. However, we noted a number of the Practice properties were overdue for Rent Review, with inconsistent methods for recording rental costs on the Premises Database.

It is acknowledged that the environment in which the rent review process has been challenging. It's also recognised that the pause on performing rent reviews for 6 months and the prioritisation of recovery has delayed the completion of the rent reviews and development of the wider process. We are therefore providing substantial control over control design and moderate assurance over operating effectiveness in this area.

DETAILED FINDINGS

RISK: NON-COMPLIANCE WITH THE PRIMARY CARE COMMISSIONING DELEGATION AGREEMENT

Ref	Significance	Finding
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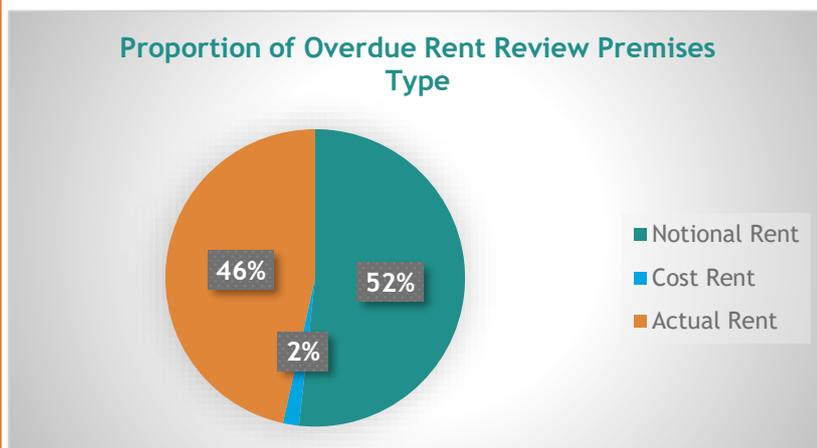
1 Medium

Rent Review

In accordance with the NHS GMS - Premises Directions 2013, the Practices are eligible for rental reimbursements under the following categorisations:

1. Notional Rent - Practice owns the building. The amount of notional rent to be paid to the contractor is based upon the CMR (current market rental) value for the property, as determined by a surveyor. The level of CMR, and the amount of notional rent paid, MUST be reviewed every three years
2. Actual Rent - rental or leasehold premisses. Actual rent invoiced by the landlord can be reimbursed. The level of leasehold rent that may be granted is determined by the CMR value of the premises, or the actual lease rent, whichever is lower. The rent review process is not triggered unless the Landlord proposes a change in the Actual Rent charged to the practice
3. Cost Rent - Practice owns the building but pays mortgage or has loans for repairs, can claim for the borrowing cost. It is the responsibility of the contractor/Practice to notify the area team of any changes to the terms and conditions of the loan.

There are 95 GP premises listed on the CCG’s master database, and 87 of them are subject for rent review. However, we noted 58 (67%) of the premises were overdue for a rent review as of 10 January 2022. See chart below for rent type break down.



We understand that a number of the overdue Practices are in the process of being reviewed, and some of the Practices did not respond to the CCG’s rent review notification issued a few years ago. Moreover, the delay was also caused by the national direction in response to the pandemic to pause non-essential CCG functions during 2021.

For example, Beckington Family Practice has four premises

Location	Type	Current Rent £	Rent Review Due date
Freshford Surgery, Freshford, Bath BA2 7TT	Actual Rent	5,300	01/04/2015 (Currently Closed updated in 2018)
Frome Medical Park, Enos Way, Frome	Actual Rent	73,843	27/12/2015 (Leasehold)
Palairt Hall, Norton St Philip, BA2 7LU	Actual Rent	252	n/a Only for ad hoc usage, not subject for rent review
St Lukes Surgery, Beckington, Frome, Somerset BA11 6SE	Notional Rent	59,000	11/11/2014 (no review carried out in 2017 and 2020)

The latest valuation report of Frome was dated in 2016 with value of £60,646 plus VAT (£72,775). In the database, it is showing as £73,843 (CMR figure determined by the CCG), whilst on the payment record, it shows £17,764.5 per quarter (£71,058 per annum, matched the invoices raised by the Landlord). The CCG recorded the CMR determination figure in the Database to ensure payment does not exceed the maximum value. However, this is not consistent with the other properties that are subject to actual rent. Rent Review reminder has been sent to the Practice for both Frome and St Lukes in November 2021.

We acknowledge that there have been a number of issues inherited from the NHSE since the CCG took over the delegated roles, including the operation of the monitoring database transferred from NHSE. Moreover, for the actual rental properties, the Practice should be responsible to contact the CCG to instruct a rent review process following a change to their rent payments. This has not been happening due to the pandemic.

However, if the rent reviews are not completed in a timely manner, especially for the Notional Rent properties, the CCG can potentially be making sizeable back payments or reclaims where the value of the property has decreased.

RECOMMENDATIONS:

- A. The Database should be updated with correct current values and clearer tracking mechanism embedded to show all historical valuation record. The database should also have a separate record for closed properties- See Appendix I for an example Database Spreadsheet used by another CCG that we work with

- B. All Practices with outstanding rent reviews should be reminded of their responsibilities of completing Rent Reviews every three years or notify the CCG when payment arrangement changes
- C. Develop the summary currently reported to the Primary Care Operations Group (PCOG) to include the number of Practices / premises that are overdue for rent review with explanations provided.

MANAGEMENT RESPONSE:

The CCG produces an action plan which commits the organisation to:

- a) contact practices with an outstanding rent review to confirm their intentions in respect of their outstanding rent reviews - with an explicit ask to confirm whether they wish to perform a review or wait until the next interval as defined by the premises cost directions
- b) Develop the rent review database inherited from NHS England to ensure it captures and presents a clear position for each practice, along with an enhanced report to future meetings of the PCOG

Complete both recommendations before the end of quarter one of the 2022/23 financial year with a final report to the Primary Care Operational Group.

Responsible Officer: Luke Best / Adam Hann

Implementation Date: 30 June 2022

STAFF INTERVIEWED

BDO LLP APPRECIATES THE TIME PROVIDED BY ALL THE INDIVIDUALS INVOLVED IN THIS REVIEW AND WOULD LIKE TO THANK THEM FOR THEIR ASSISTANCE AND COOPERATION.

Name	Job Title
Adam Hann	Primary Care Contract Manager
Luke Best	Primary Care Contracts Officer
Jennifer McConnell	Assistant Primary Care Contracts Officer
Sarah Moore	Primary Care Programme Officer

APPENDIX I - RENT REVIEW MASTER DATABASE

LINK TO FINDING 1

At one of the other CCGs that we are working with, the Master Premises Database has been designed as follows:

PRACTICE NAME	X Surgery
PRACTICE CODE	Lxx
LOCALITY	ABC
MAIN or BRANCH	MAIN
Practice Site	XX
2006	£60,000.00
2007	
2008	
2009	£64,550.00
2010	
2011	
2012	£66,500.00
2013	
2014	
2015	£67,468.00
2016	
2017	
2018	£69,861.00
2019	
2020	

2021	£71,296.00
2022	
Previous % Uplift	3.55%
Newest % Uplift	2.05%
CURRENT AMOUNT	£66,500.00
NHSE REVIEW DATE	01/01/2024
REVIEW DATE CHECKED	01/01/2024
CURRENT REIMBURSEMENT	Current Market Rent
Abatement Currently Being Applied?	Y
Abatement Expiry Date if Known	01/01/2022
CMR - for Cost Rent practices	
Comments	Affected by Alternative Use clause in 2013 PCDs. Due to Direction 56 of the 2013 PCDs, the terms of the 2004 PCDs are being applied to CMR Reviews.

We can share the full workbook with the CCG if required.

By listing out all historical valuation record, we can better identify where the Rent Review gaps are and when the premises are next due for review.

APPENDIX II - DEFINITIONS				
LEVEL OF ASSURANCE	DESIGN OF INTERNAL CONTROL FRAMEWORK		OPERATIONAL EFFECTIVENESS OF CONTROLS	
	FINDINGS FROM REVIEW	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

APPENDIX III - NHSE/I ASSURANCE DEFINITIONS

Categories of Primary Medical Care Commissioning Assurance

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

Assurance level	Evaluation and testing conclusion
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 IV - TERMS OF REFERENCE

PURPOSE OF REVIEW:

The purpose of this audit is to provide assurance that

- The processes undertaken for administering the locum reimbursement scheme and rent reviews are robust
- The processes for appointing to the Additional Roles to ensure the changes to structures are robust and correct payments are made

KEY RISKS:

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding, the potential key risks associated with the area under review are:

- Non-compliance with the Primary Care Commissioning Delegation Agreement.

SCOPE OF REVIEW:

The following areas will be covered as part of this review:

- 1. Commissioning and procurement of services**
 - To review the processes for assessing the compliance of workforce planning and reimbursement claims for the Additional Roles
- 2. Contracting and management functions**
 - To review the processes for administering the Locum Reimbursement Scheme to ascertain whether they are efficient and robust
 - To review the plans to monitor the compliance of the Additional Roles with national policy requirements
- 3. Primary Care Finance**
 - To provide assurance that the financial implications with regards to the Locum Reimbursement Scheme, rent reviews and Additional Roles Reimbursement Scheme are being identified and escalated where appropriate
 - To test the claim process for the three areas
- 4. Governance**
 - To provide assurance that reporting and monitoring arrangements are in place for the dissemination of concerns relating to the locum reimbursement scheme, rent reviews and the Additional Roles Reimbursement Scheme arrangements

In order to test these areas, the audit work will include:

Locum Reimbursement Scheme

The processes for claims, review and payment will be reviewed to ensure that they are robust and payments are accurate. A sample of claims will be tested.

Rent Reviews

The programme for the rent and lease reviews will be assessed to ensure that a clear and systematic process is being followed and issues are being identified and rectified. Also, to capture and summarise the historical issues transferred from previous NHS organisations. A sample of rent reviews will be selected for testing to ensure that there is a clear trail of issues and resolution.

Additional Roles Reimbursement Scheme

The processes for claims, review, comparison to Open Exeter and payment will be reviewed to ensure that they are robust and payments are accurate. A sample of claims will be tested.



FOR MORE INFORMATION:

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The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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