

Final Internal Audit Report

Contract Management – Appello

August 2025

Distribution: Strategic Commissioning Manager (OP & Carers)
Head of Strategic Commissioning and Improvement
Team Manager – Careline and Telecare
Director of Adult Social Care, Commissioning, Policy & Improvement
Director of Adult Social Care Operations
Corporate Director of Adult Social Care, Commissioning, Policy & Improvement
Strategic Head of Finance (ASCH)
Head of Business and Service Compliance
Director of Finance & Deputy S151 Officer
Corporate Director, Resources & S151 Officer (final only)

Assurance Level	Issues Identified	
Substantial	Priority 1	0
	Priority 2	1
	Priority 3	1

Confidentiality and Disclosure Clause

This report ("Report") was prepared by Forvis Mazars LLP at the request of London Borough of Croydon and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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Please refer to the Statement of Responsibility in Appendix 3 of this report for further information about responsibilities, limitations and confidentiality.

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1. Introduction

- 1.1. Some residents of the London Borough of Croydon (“clients”) have home monitoring or personal alarms, provided by Croydon Council (Council), which allows them to alert health and social services in the event of an emergency such as an injury. These personal alarms are monitored through an ‘Alarm Receiving Centre’ (ARC).
- 1.2. The Council has a contract with a third party provider, Appello, to provide ARC services. The current contract began in February 2024, for a term of 18 months, and was procured through an emergency procedure rather than a full procurement exercise, due to safeguarding concerns with the previous provider. There was a transition period as clients were moved over from the previous provider.
- 1.3. The Council pay a fee to Appello for each “connection” (that is, a client with a connected monitor or alarm). The number of connections fluctuates according to service use, but annual spending on the Appello contract is approximately £80,000 per annum.
- 1.4. The contract with Appello will expire in August 2025, and the Commissioning service is currently putting in place plans for re-procurement.
- 1.5. The contract requires a number of key performance indicators (KPIs) to be reported to the Council for monitoring of the contract performance. These include:
 - Evaluation of calls (for activity invoicing) - Monthly (by 5th working day);
 - Evaluation of smoke alarm calls (for activity invoicing) - Monthly (by 5th working day);
 - List of clients that have raised calls over the previous month - Monthly (by 5th working day);
 - Auto low battery reports - Monthly (by 5th working day);
 - Number of calls answered over 180 seconds (exceptional reporting) - Monthly (by 5th working day);
 - List of clients that have had no contact for a user (within a month period) - Monthly (by 5th working day);
 - List of clients identified as frequent callers (within a month period) - Monthly (by 5th working day);
 - Number of smoke alarm calls answered over 60 seconds - Monthly (by 5th working day);
 - Number of complaints and complements received into the service Quarterly - (by 5th working day); and
 - Report on customer survey feedback forms on a minimum of 5% to a maximum of 10% of our customers using the service. – Yearly.
- 1.6. The complaints procedure is detailed within Section 8 Customer Care of the contract. Appello is expected to fully comply with the Council's Corporate

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Complaints Policy which includes the following process:

- Day 1-3 – The Council to acknowledge complaint within 1 working day and to escalate to Appello within 3 days;
- Day 3-13 – Appello to acknowledge receipt of the complaint within 3 working days. Appello to investigate within 10 days. Appello to send response back to the Council; and
- Day 13-20 – the Council to review, sign off decision and reply to complainant within 5 days.

- 1.7. The contract requires quarterly performance monitoring meetings with Appello, where updates on service delivery and KPIs (as set out at 1.5 above) are to be discussed. The contract moved from the mobilisation stage to business as usual in February 2025. As such, formal quarterly performance monitoring began in February 2025. Prior to this the Council held weekly mobilisation meetings with the Appello Mobilisation project Manager.
- 1.8. The Interim Senior Accountant prepares the monthly Careline budget report which includes the monthly spend of the Appello contract and sends the report to the Careline and Telecare Team Manager who reviews the budget report making any necessary adjustments. The report is then sent back to the Interim Senior Accountant and Corporate Finance Team once reviewed and approved. The Head of Provider Services is copied into the emails for oversight.
- 1.9. For 2025/26, this process has changed, and budget reports will no longer be generated by the Senior Accountant. Instead, budget holders will be required to access Oracle direct to conduct their budget monitoring on the system.
- 1.10. This internal audit looked at the management of the contract, including how financial and non-financial performance had been monitored, and how issues, where required, had been rectified.
- 1.11. This audit was undertaken as part of the agreed Internal Audit Plan for 2024/25.

2. Key Issues

There were no Priority 1 findings.

Priority 2 Issues

Review of a sample of five complaints selected from the 22 documented in the Council's Complaints and Compliments Log for the Appello contract at the time of the internal audit identified:

- Two cases where evidence of Appello's initial acknowledgement of the complaint and evidence of the result of the investigation/response from Appello had not been retained by the Council;
- Two cases where the days between Appello's email acknowledgment of the complaint and response to the Council by Appello of the result of their investigation was greater than 10 days (28 days in both cases); and
- Two cases where the original complaint was by a client, and evidence of the Council's final reply was not provided. **(Issue 1)**

The Priority 3 finding is included under item 4 below.

3. Actions and Key Findings/Rationale

Control Area 3: Quality Issues (including Complaints and Deficiencies in Service)

Priority	Action Proposed by Management	Detailed Finding/Rationale - Issue 1
2	Review current complaints procedure to ensure it aligns with current corporate complaints process and that internal processes are organised to meet the necessary deadlines: - Contract manager to ensure ASC complaints team is aware of who to share complaints with to ensure they are handled in a timely manner. - If a complaint is received via the Careline service, compliant to be escalated to contract manager and Appello to ensure this is followed up contractually removing the onus from	Expected Control When a complaint is raised, this is actioned in line with the documented process and evidence of actions to resolve the complaint are stored and recorded centrally. The Council's complaints procedure is detailed in <i>Section 8: Customer Care</i> of the Appello contract. This section states that Appello will be expected to comply with the Council's Corporate Complaints Policy, which is as follows: - Day 1-3 – The Council to acknowledge complaint within 1 working day and to escalate to Appello within 3 days; - Day 3-13 – Appello to acknowledge receipt of the complaint within 3 working days. Appello to investigate within 10 days. Appello to send response back to the Council; and - Day 13-20 – the Council to review, sign off decision and reply to complainant within 5 days. Finding/Issue. There were 22 complaints documented on the Council's Complaints and Compliments Log for the Appello contract at the time of the audit (21 March 2024). Examination of five of these complaints and associated evidence identified the following:

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	Careline operational staff to manage. - Contract manager to diarise check in with Appello re: investigation and outcome to help shape the final response. - HOS to sign off final response.	- Two cases (date received: 19 December 2024 and 25 September 2024) where neither evidence of Appello's initial acknowledgement of the complaint nor evidence of the result of investigation/response from Appello had been retained by the Council. As such Internal Audit were unable to establish whether Appello had acknowledged the complaint and provided a response to the Council within the agreed timeframes; - Two cases (date received: 22 September 2024 and 20 September 2024) where Appello's email acknowledgment of the complaint and subsequent response to the Council were more than 10 days apart (28 days in both cases); and - Two cases (date received: 19 December 2024 and 6 December 2024) where evidence of the Council's final reply to the complainant was not provided.
Responsible Officer	Deadline	
G11 – Contract & Commissioning Officer; G17 Strategic Commissioning Manager or HOS (in G17 absence) to ensure processes are in place.	31 July 2025	<i>N/B: Complaints do not have a unique reference number, so these have been referenced above by date.</i> Risk Where evidence associated with a complaint is not retained and stored centrally, there is a risk that colleagues may not have access to the full history of a complaint, resulting in inconsistent outcomes, repeated issues and poor client experience. Additionally, the lack of audit trail may make it difficult to track who handled the complaint, what actions were taken, and when, which may result in an inability to demonstrate due diligence or fair treatment, especially in escalated or sensitive cases. Where complaints are not processed in a timely manner, there is a risk of reputational damage due to client dissatisfaction.

4. Priority 3 Issues

Agreed action	Findings
<u>Control Area 4: Monitoring and Reporting Arrangements & Performance Management</u> <u>Action proposed by management:</u> Ensure all performance relevant data and quality assurance monitoring is shared to the contract manager in advance of contract management meetings: - Contract manager to diarise when to request data from Appello and for these meetings to be set up for the rest of the contractual term / year. - Contract manager to analyse data received and to liaise with Careline manager to ensure that the service is continually meeting the interdependencies of the Careline service and residents receiving the service. - Engage social care colleagues to ensure that any safeguarding issues / adult social care reviews are escalated if required, due to the lack of contact / engagement.	Expected Control The Contractor regularly reports to the Council on KPIs, as well as other information, as outlined in the contract. This includes a list of clients that have raised calls over the previous month and a list of clients that have had no contact for a period (within a month period). Issue/Finding Review of the March 2025 Performance Report Dashboard (which was the first Performance Dashboard update since the contract moved from the “mobilisation” phase to “business as usual”) and other performance related documentation, found that the following information had not been provided to the Council by Appello: - List of clients that have raised calls over the previous month – Monthly; and - List of clients that have had no contact within a month. The Commissioning and Contracts Officer advised that, following the closing meeting for the Internal Audit, both lists had since been requested from Appello. Risk Where performance data and information are not provided by the contractor in line with the requirements set out in the contract there is a risk that the Council do not have oversight of performance issues which may result in the poor service provision to client going unnoticed and unaddressed.

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Agreed action	Findings
Responsible Officer: G11 Contract & Commissioning Officer, G17 Strategic Commissioning Manager or HOS (in G17 absence) to ensure processes are in place. Deadline: 31 July 2025	

AUDIT TERMS OF REFERENCE

Contract Management – Appello

1. INTRODUCTION

- 1.1 Some residents of the London Borough of Croydon (“clients”) have home monitoring or personal alarms, provided by the Council, which allows them to alert health and social services in the event of an emergency such as an injury. These personal alarms are monitored through an ‘Alarm Receiving Centre’ (ARC).
- 1.2 Croydon Council has a contract with Appello to provide ARC services. The current contract began in February 2024, for a term of 18 months, and was procured through an emergency procedure rather than a full procurement exercise, due to safeguarding concerns with the previous provider. There was a transition period as clients were moved over from the previous provider.
- 1.3 The Council pays a fee to Appello for each “connection” (that is, a client with a connected monitor or alarm). The number of connections will fluctuate according to service use, but annual spending on the Appello contract is approximately £80,000 per annum.
- 1.4 The contract with Appello will expire in August 2025, and the Commissioning service is currently putting in place plans for re-procurement.
- 1.5 This audit looked at the management of the contract, including how financial and non-financial performance had been monitored, and how issues had been rectified where required.
- 1.6 This audit was undertaken as part of the agreed Internal Audit Plan for 2024/25.

2. OBJECTIVES AND METHOD

- 2.1 The overall audit objective was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes.
- 2.2 The audit for each control / process being considered:
 - Walked-through the processes to consider the key controls;
 - Conducted sample testing of the identified key controls, and
 - Reported on these accordingly.

3. SCOPE

- 3.1 This audit, focused on Asbestos Management, was undertaken as part of the 2024/25 Internal Audit Plan. The specific scope included the following areas and recommendations:

Control Areas/Risks	Issues Raised		
	Priority 1 (High)	Priority 2 (Medium)	Priority 3 (Low)
Contractual, Regulatory and Management Requirements	0	0	0
Management of Core Contract Conditions	0	0	0
Quality Issues (including Complaints and Deficiencies in Service)	0	1	0
Monitoring and Reporting Arrangements & Performance Management	0	0	1
Non-Financial Performance (including Complaints and Deficiencies in Service)	0	0	0
Financial Control & Budget Monitoring	0	0	0
Total	0	1	1

Definitions for Audit Opinions and Identified Issues

In order to assist management in using our reports:

We categorise our **audit assurance opinion** according to our overall assessment of the risk management system, effectiveness of the controls in place and the level of compliance with these controls and the action being taken to remedy significant findings or weaknesses.

	Full Assurance	There is a sound system of control designed to achieve the system objectives, and the controls are constantly applied.
	Substantial Assurance	While there is basically a sound system of control to achieve the system objectives, there are weaknesses in the design or level of non-compliance of the controls which may put this achievement at risk.
	Limited Assurance	There are significant weaknesses in key areas of system controls and non-compliance that puts achieving the system objectives at risk,
	No Assurance	Controls are non-existent or extremely weak, leaving the system open to the high risk of error, abuse and reputational damage.

Priorities assigned to identified issues are based on the following criteria:

Priority 1 (High)	Fundamental control weaknesses that require immediate attention by management to action and mitigate significant exposure to risk.
Priority 2 (Medium)	Control weakness that still represent an exposure to risk and need to be addressed within a reasonable period.
Priority 3 (Low)	Although control weaknesses are considered to be relatively minor and low risk, still provides an opportunity for improvement. May also apply to areas considered to be of best practice that can improve for example the value for money of the review area.

Statement of Responsibility

We take responsibility to London Borough of Croydon for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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