

Report To: IJB Audit Committee Date: 30 January 2018  
 Report By: Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership Report No: IJBA/01/2018/AP  
 Contact Officer: Andi Priestman Contact No: 01475 712251

**Subject: INTERNAL AUDIT PROGRESS REPORT – 12 SEPTEMBER 2017 TO 5 JANUARY 2018**

## 1.0 PURPOSE

- 1.1 The purpose of this report is to enable IJB Audit Committee members to monitor the performance of Internal Audit and gain an overview of the IJB's overall control environment.
- 1.2 The report also presents an update on the Internal Audit work undertaken at Inverclyde Council and NHS Greater Glasgow and Clyde (NHSGGC) between 12 September 2017 and 5 January 2018 that may have an impact upon the IJB's control environment.

## 2.0 SUMMARY

2.1 One internal audit report has been finalised since the last Audit Committee meeting in September 2017:-

- Review of Strategic Planning and Performance Management Arrangements

2.2 This report contains 4 issues categorised as follows:-

Red	Amber	Green
0	2	2

2.3 The overall control environment opinion for this audit was **Satisfactory**. Two AMBER issues were identified as follows:

- Due to timing issues, risk management has not been fully embedded within the strategic planning process as the risk management policy was approved five months after the strategic plan was agreed. There is scope to better utilise the experience of the Strategic Planning Group participants when undertaking the risk assessment as part of the strategic planning process.
- Due to capacity issues, the strategic plan has not yet been subject to an annual review to assess the impact of any significant changes or areas of slippage with a view to realigning the planned deliverables. Given its central role in strategic planning there is scope for the Strategic Planning Group to play a more clearly defined role within the annual review process and to monitor the process for measuring delivery of outcomes within the strategic plan.

## 2.0 SUMMARY (CONTINUED)

2.4 The fieldwork for the 2017/2018 plan is underway and the current status of the plan is as follows:

<b>Stage</b>	<b>Number of Reports</b>
Final Report	1
Draft Report	0
Fieldwork Complete	0
Fieldwork in Progress	0
Planning	1
Not Started	0
<b>Total</b>	<b>2</b>

2.5 In addition, since the last Audit Committee meeting in September 2017, a number of Internal Audit Reports have been reported to Inverclyde Council and NHSGGC which are relevant to the IJB Audit Committee which are set out in Section 5 of this report.

2.6 Actions have been agreed with management and Internal Audit within Inverclyde Council and NHSGGC undertake follow up of actions in accordance with agreed processes and report on progress to the respective Audit Committees.

## 3.0 RECOMMENDATIONS

3.1 It is recommended that IJB Audit Committee members agree to note the progress made by Internal Audit in the period from 12 September 2017 to 5 January 2018.

**Louise Long**  
**Corporate Director (Chief Officer)**  
**Inverclyde Health & Social Care Partnership**

## 4.0 BACKGROUND

- 4.1 In September 2017, the Audit Committee approved the current Internal Audit Annual Plan which detailed the activity to be undertaken during 2017-18.
- 4.2 Internal Audit reports findings and action plans to relevant IJB Officers and the Audit Committee as part of the annual audit plan. A follow up process is in place to allow follow up of current internal audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to the Audit Committee.
- 4.3 In each audit, one of 4 overall opinions is expressed:-

<b>Strong</b>	In our opinion there is a <b>sound</b> system of internal controls designed to ensure that the organisation is able to achieve its objectives.
<b>Satisfactory</b>	In our opinion <b>isolated</b> areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.
<b>Requires improvement</b>	In our opinion <b>systemic and/or material</b> control weaknesses were identified such that some organisation objectives are put at significant risk.
<b>Unsatisfactory</b>	In our opinion the control environment was considered <b>inadequate</b> to ensure that the organisation is able to achieve its objectives.

- 4.4 Individual audit findings are categorised as Red, Amber or Green:-

<b>Red</b>	In our opinion the control environment is insufficient to address the risk and could impact the organisation as a whole. Corrective action must be taken and should start immediately.
<b>Amber</b>	In our opinion there are areas of control weakness which we consider to be individually significant but are unlikely to affect the organisation as a whole.
<b>Green</b>	In our opinion our audit highlighted areas for minor control improvement and/or areas of minor control weakness.

- 4.5 A summary is also provided in relation to internal audit work undertaken at Inverclyde Council and NHS Greater Glasgow and Clyde that may have an impact upon the IJB's control environment.

## 5.0 CURRENT POSITION

- 5.1 One internal audit report has been finalised since the last Audit Committee meeting in September 2017:-
- Strategic Planning and Performance Management Arrangements
- 5.2 The objective of this audit was to provide the IJB Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks faced by Inverclyde IJB in relation to strategic planning and performance management arrangements.

## 5.0 CURRENT POSITION (CONTINUED)

5.3 This report contains 4 issues categorised as follows:

Red	Amber	Green
0	2	2

5.4 The overall control environment opinion for this review was **Satisfactory**. Two AMBER issues were identified as follows:

### Embedding risk management arrangements within the Inverclyde IJB's strategic planning process

Organisations face risks when implementing strategic plans which map out their priorities and desired outcomes. Inverclyde HSCP delivers services in line with Inverclyde IJB's strategic plan. Risk management helps to identify and manage risks to the delivery of the strategic plan. However, we have found that risk management has not been fully embedded within the strategic planning process as the risk management policy was approved five months after the strategic plan was agreed. Although risks to the Inverclyde IJB have been identified and set out in a risk register, it is unclear how those risks could directly impact on delivery of the strategic plan as a risk assessment has not yet been undertaken in relation to the implementation of the strategic plan.

In addition, there is scope to better utilise the experience of the Strategic Planning Group participants when undertaking the risk assessment as part of the strategic planning process.

When risk management is not embedded within the strategic planning and performance management arrangements there is a risk that the Inverclyde IJB is not regularly informed of risks related to the delivery of the strategic plan.

### Annual review of Inverclyde IJB's three year strategic plan and managing changes which impact on delivering outcomes

During the three year lifespan of Inverclyde IJB's strategic plan there may be internal and external changes which could impact on delivering its outcomes. These changes include Scottish Government requirements and the redesign of HSCP Services. Therefore the strategic plan must be reviewed each year to allow for changes and to manage any deviations from the plan. However, due to capacity issues the plan was not reviewed this year and a more formal approach is required to examine the impact of changes. Given its central role in strategic planning, there is scope for the Strategic Planning Group to play a more clearly defined role within the annual review process and to monitor the process for measuring delivery of outcomes within the strategic plan.

When the strategic plan is not reviewed each year it may be more difficult to assess the impact of significant changes or areas of slippage with a view to realigning the planned deliverables.

5.5 The review identified 4 issues, two of which we consider to be individually significant and an action plan is in place to address all issues by 31 December 2018.

## 5.0 CURRENT POSITION (CONTINUED)

- 5.6 The fieldwork for the 2017/2018 plan is underway and the current status of the plan is as follows:

Stage	Number of Reports
Final Report	1
Draft Report	0
Fieldwork Complete	0
Fieldwork in Progress	0
Planning	1
Not Started	0
<b>Total</b>	<b>2</b>

### 5.7 Inverclyde Council – Internal Audit Progress Report Summary

Since the last Audit Committee meeting in September 2017, the following Internal Audit Report has been reported to Inverclyde Council, which is relevant to the IJB Audit Committee:-

Audit Report	Opinion	Number/Category of Issues		
		Red	Amber	Green
SWIFT Financials – Project Assurance Review	Satisfactory	0	0	6

- 5.8 Actions have been agreed with management and Internal Audit follow up each action when it falls due with regular reporting to the Council's Corporate Management Team and Audit Committee on the implementation of agreed actions and any matters of concern.
- 5.9 As part of the Internal Audit Annual report to the IJB Audit Committee, reports rated Unsatisfactory or Requires Improvement will be considered for inclusion within the IJB's annual governance statement as appropriate.
- 5.10 In addition, corporate fraud investigations have been undertaken as follows:

Year/Ref	Enquiry	Status
17/18 17-11	Misuse of Blue Badge	Closed – No misuse established.
17/18 17-13	Misuse of Blue Badge	Closed – misuse established. BB seized and misuse letter issued.
17/18 17-14	Misuse of Blue Badge	Closed – misuse established. Expired BB seized and misuse letter issued.
17/18 17-20	Misuse of Blue Badge	Closed – misuse established. BB seized and misuse letter issued.
17/18 17-22	Misuse of Blue Badge	Closed – misuse established. BB seized and misuse letter issued.
17/18 17-24	Discrepancy with Corporate Appointee Account	Closed – no fraud detected but control improvements identified and recommendations agreed.
17/18 17-58	Misuse of Blue Badge	Misuse established – reported through BBIS system.
17/18 17-72	Misuse of Corporate Purchase Card	Closed – no fraud detected but control improvements identified and recommendations agreed.
17/18 17/87	Expired Blue Badge	Closed – misuse established. BB seized and misuse letter issued.

## 5.0 CURRENT POSITION (CONTINUED)

### 5.11 NHSGGC - Internal Audit Progress Report Summary

Since the last Audit Committee meeting in September 2017, the following Internal Audit Reports have been issued to and agreed by NHSGGC Audit Committee which are relevant to the IJB Audit Committee:-

Audit Report	Opinion	Number/Category of Issues		
		High	Medium	Low
Estates – Backlog and Operational Maintenance (1)	Medium Risk	0	3	0
Repairs and Maintenance Spend Data (2)	Medium Risk	0	3	1
Health and Social Care Integration – Financial & Performance Reporting and Controls	Low Risk	0	2	0
IT Project Governance (3)	Medium Risk	0	2	2
Data Security & Management: Information Commissioners Office – follow up	No rating – follow up of external review by ICO			
Reporting and monitoring arrangements for efficiency savings (4)	High Risk	1	4	0
Embedding Risk Management arrangements (5)	Medium Risk	0	3	1
Capacity Planning - Cancer Services (6)	Medium Risk	0	3	0
Property transaction monitoring	Low Risk	0	0	2

### 5.12 High Risk indicates findings 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 Risk indicates findings 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 significant fines and consequences; or
- Moderate impact on the reputation or brand of the organisation

### Low Risk indicates findings that could have a:-

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

## 5.0 CURRENT POSITION (CONTINUED)

- 5.13 (1) This review identified issues in relation to resolving unplanned maintenance issues, service level agreements and statutory compliance resource requirements.
- (2) The findings of this audit related to documentation of contractors and suppliers on local contracts and agreements and payment category data quality.
- (3) This review identified that although formal project management governance framework and supporting documentation are well defined, there was a lack of detail within project business case documentation to clearly articulate the benefits the project would deliver and how such benefits would be measured. In addition, there was limited evidence provided that NHSGCC defines project budgets within business cases or subsequently monitors actual cost versus budget.
- (4) This audit confirmed that effective monitoring systems are in place with accurate information available on a regular basis to enable key stakeholders to monitor current performance. However risks were identified in relation to unallocated savings plans and plans had not yet been commenced or delivered for 17% of savings plans sampled.
- (5) This audit identified issues relating to the corporate level approach to Datix implementation; the postponement in HSCPs of the rollout of Datix registers requires clarity as to the agreed approach and there was limited evidence of the impact that the RMSG's review had on the corporate risk register.
- (6) This review considered the effectiveness of the capacity planning processes and controls in place within the Cancer Service. Issues were identified in relation to the lack of clear links between additional investment, actions taken and the impact on performance and a lack of longer term assessment of expected performance. In addition, capacity planning arrangements did not support the ability to facilitate the most integrated use of resources that would have the greatest impact on the Board's overall performance.
- 5.14 Internal Audit undertakes follow up work to confirm the implementation of high risk and a sample of medium risk recommendations. The results of the follow up work are reported to the NHSGCC Audit Committee with any matters of concern being drawn to the attention of this Committee.
- 5.15 As part of the Internal Audit Annual report to the IJB Audit Committee, reports rated Unsatisfactory or Major Improvement Required will be considered for inclusion within the IJB's annual governance statement as appropriate.

## 6.0 IMPLICATIONS

### Finance

- 6.1 The work required to deliver the Annual Internal Audit Plan will be contained within the existing Internal Audit budget set by Inverclyde Council.

#### Financial Implications:

##### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

##### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

## **Legal**

6.2 There are no direct legal implications arising from this report.

## **Human Resources**

6.3 There are no direct HR implications arising from this report.

## **Equalities**

6.4 There are no direct equalities implications arising from this report.

## **Clinical or Care Governance Implications**

There are no direct clinical or care governance implications arising from this report.

## **6.5 National Wellbeing Outcomes**

There are no direct national wellbeing outcomes arising from this report.

## **7.0 CONSULTATIONS**

7.1 N/A

## **8.0 LIST OF BACKGROUND PAPERS**

8.1 Internal Audit Reports. Copies available from Chief Internal Auditor.