
Report To: Inverclyde Integration Joint Board Audit Committee **Date:** 21 September 2020

Report By: Corporate Director (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:** IJBA/08/2020/AP

Contact Officer: Andi Priestman **Contact No:** 01475 712251

Subject: INTERNAL AUDIT PROGRESS REPORT – 24 FEBRUARY TO 28 AUGUST 2020

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 24 February and 28 August 2020 that may have an impact upon the IJB's control environment.

2.0 SUMMARY

2.1 There were two internal audit reports finalised since the last Audit Committee meeting in March:

- Budgetary Control (March 2020)
- IJB Directions – Advisory Review (June 2020)

2.2 The 2019/2020 plan is now complete and the plan for 2020/2021 is underway.

2.3 In relation to Internal Audit follow up, there were 3 actions due for completion by 31 August 2020. Two actions are complete and the completion date in relation to one action has been revised. The current status report is attached at Appendix 1. **Appendix 1**

2.4 In addition, since the last Audit Committee meeting in March 2020, no Internal Audit Reports have been reported to Inverclyde Council which are relevant to the IJB Audit Committee. There were a number of reports presented to Audit Committee NHSGGC which are relevant to IJB Audit Committee which are set out at paragraph 5.15 of this report.

2.5 Internal Audit within Inverclyde Council and NHSGGC continue to 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 24 February and 28 August 2020.

Louise Long
Chief Officer Inverclyde Health & Social Care Partnership

4.0 BACKGROUND

- 4.1 In September 2019, the Audit Committee approved the current Internal Audit Annual Plan which detailed the activity to be undertaken during 2019-20. The Audit Committee also approved the Annual Audit Plan for 2020-21 in March 2020.
- 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:

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

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

Red	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.
Amber	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.
Green	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 There were two internal audit reports finalised since the last Audit Committee meeting in March:
- Budgetary Control (March 2020)
 - IJB Directions – Advisory Review (June 2020)

5.0 CURRENT POSITION (CONTINUED)

Budgetary Control (March 2020)

- 5.2 In order to implement its strategic plan the Inverclyde Integration Joint Board (IJB) requires the Health & Social Care Partnership (HSCP) to use financial resources which are held by Inverclyde Council and NHS Greater Glasgow & Clyde. These arrangements mean that the Council and Health Board contribute £50.5m and £106.4m respectively to the IJB during 2019/20. In turn, the HSCP's net expenditure for the current year is budgeted at £156.5m, after allowing for a £0.4m transfer to reserves. As the demand for HSCP services continues to grow more quickly than available resources it is important that effective budgetary control and reporting arrangements are in place.
- 5.3 The objective of this audit was to provide the Inverclyde IJB Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks in relation to the IJB's budgetary control arrangements.
- 5.4 The review focused on the high level processes and procedures in relation to the IJB's budgetary control arrangements and concentrated on identified areas of perceived higher risk, such as not regularly providing IJB members with timely and accurate monitoring information and not adequately explaining significant budget variances.
- 5.5 The overall control environment opinion was **Satisfactory**. Two AMBER issues were identified as follows:-

Managing a single person dependency

The IJB's Chief Financial Officer's (CFO) remit includes preparing budget monitoring reports by consolidating information which is submitted by Inverclyde Council and NHS Greater Glasgow & Clyde. However, as the CFO works part time and has no direct resources these reports are not subject to a checking process, although the CFO confirmed that there have been no issues regarding the accuracy of these reports. Nevertheless, a single person dependency exists with the CFO's post and there are no formal contingency arrangements in place if the CFO was absent for an extended period of time.

Without an appropriate checking process any errors within IJB budget monitoring reports may not be detected. In addition, reporting deadlines may be missed should the Chief Financial Officer be absent for an extended period of time and when adequate contingency arrangements are not in place.

Utilising the IJB's budget to deliver its strategic plan

In order to achieve a break-even position at the year-end the IJB's income and expenditure must be controlled and accurately projected. These projections must be reported transparently and draw on officers understanding of factors which they can and cannot control. The IJB's budget is monitored on a regular basis as four budget monitoring reports are submitted to the IJB each year. However, the summary section of IJB budget monitoring reports does not cover changes in year-end projections between reports or outline the factors which caused projections to vary. In addition, there is scope for officers to more fully explore those factors which drive changes in year-end budget projections.

The IJB will be less likely to achieve a break-even position at the year-end whenever officers do not fully explore those factors which cause projections to vary. Significant underspends may lead to unplanned growth in reserves and hamper the development of services, whilst any significant overspends could trigger a budget recovery plan.

5.0 CURRENT POSITION (CONTINUED)

- 5.6 The audit identified 3 issues, two of which we consider to be individually significant and an action plan is in place to address all issues by 30 September 2020.

IJB Directions (June 2020)

- 5.7 The Inverclyde Integration Joint Board (IJB) requires the Inverclyde HSCP to implement its strategic plan by delivering a range of defined services. To facilitate these arrangements the Inverclyde IJB issues binding directions to Inverclyde Council and Greater Glasgow & Clyde NHS Board. These directions are made under the Public Bodies (Joint Working) (Scotland) Act 2014. Directions should enable various stakeholders to easily identify and understand major decisions taken by the IJB. The Inverclyde IJB's policy on directions was approved on 18th August 2016. In addition, IJB directions must also comply with statutory guidance.
- 5.8 During January 2020 the Scottish Government issued statutory guidance regarding directions from Integration Authorities to Health Boards and Local Authorities. As part of the 2018/19 IJB Internal Audit Plan a review of the Inverclyde IJB's arrangements for managing directions was undertaken. However, the resulting action plan could not be fully implemented as the final statutory guidance had not been published.
- 5.9 As part of the Annual Audit Plan for 2020/21, Internal Audit provided advice to IJB officers on reviewing and updating the current policy in line with the new guidance.
- 5.10 IJB Officers have incorporated recommendations where appropriate into the draft IJB Directions Policy which will be presented to the September meeting of the IJB for approval.
- 5.11 The 2019/2020 plan is complete and the plan for 2020/2021 is underway.
- 5.12 In relation to Internal Audit follow up, there were 3 actions due for completion by 31 August 2020. Two actions are complete and the completion date in relation to one action has been revised. The current status report is attached at Appendix 1.
- 5.13 **Inverclyde Council - Internal Audit Progress Report Summary**
- Since the last Audit Committee meeting in March 2020, no Internal Audit Reports have been reported to Inverclyde Council.
- 5.14 Internal Audit undertakes follow up work on a monthly basis to confirm the implementation of agreed actions. A specific audit follow up report is provided to each meeting of the Council's Audit Committee to allow appropriate scrutiny of action plan implementation.

5.0 CURRENT POSITION (CONTINUED)

5.15 NHSGGC - Internal Audit Progress Report Summary

Since the last Audit Committee meeting in March 2020, 11 Internal Audit Reports have been reported to NHSGGC summarised as follows:

Audit Title	Rating	Number and Priority of Issues			
		4	3	2	1
Financial Information and Reporting	Effective	-	-	-	1
Medicine Reconciliation in Hospital (1)	Substantial Improvement Required	-	4	4	1
Sickness Absence – Follow Up (2)	Substantial Improvement Required	-	1	2	-
Statutory and Mandatory Training	Minor Improvement Required	-	1	2	-
Service redesign – Acute Stroke Services (3)	Substantial improvement required	-	2	4	-
Operational planning (4)	Substantial improvement required	-	3	3	-
Payroll	Minor improvement required	-	-	2	1
Delivery of Enhanced Monitoring Requirements at QEUH	Minor improvement required	-	1	3	-
Mental health waiting times	Minor improvement required	-	-	3	2
Health and safety	Minor improvement required	-	-	1	-
Moving Forward Together Implementation	N/A – consultancy report	N/A	N/A	N/A	N/A
Management Action Follow Up Q3	N/A	N/A	N/A	N/A	N/A
Total		-	12	24	5

- (1) As part of the scoping process for this review, management identified that there were known issues of compliance with the Medicines Reconciliation in Hospital Policy. As such, the review was structured to investigate the reasons for non-compliance, rather than provide assurance over the consistent application of the policy. It was identified that there is no management information in place to ensure that reconciliations are completed as expected, which means consultants are unable to monitor the performance of junior doctors in this area. It was also identified that there is no formal review or feedback process in place to identify issues of compliance or training needs.

5.0 CURRENT POSITION (CONTINUED)

In addition, NHS Greater Glasgow and Clyde are in the early stages of adopting Hospital Electronic Prescribing and Medicines Administration (HePMA) software. When this is rolled out, the Orion system will be integrated with HePMA enabling electronic prescribing throughout the patient's stay. Whilst this will remove the transcription burden junior doctors experience currently, it should not be considered a solution to all the issues of non-compliance with the policy. The audit review identified a number of issues that cannot be addressed through the HePMA system.

- (2) The 2018/19 review of Sickness Absence concluded that NHSGGC had a robust framework in place for managing sickness absence. The audit also found however that line managers and supervisors were not consistently using this framework or adhering to documented processes. A number of improvement actions were identified from that review designed to allow NHSGGC to support a reduction in sickness absence rates through consistent application of the framework. During this follow-up review, we found that individual and team compliance with the process is still inconsistent and this remains the main issue within our follow-up audit.

The audit also noted that the delayed release of revised national guidance has hindered ongoing improvement activity on absence management but despite this progress has been made implementing previous recommendations. NHSGGC has now established a framework for improvement initiatives, designed specifically to identify and address the root causes of sickness absence.

- (3) The audit noted 2 Grade 3 findings as follows:
- NHSGGC should agree a detailed action plan to support the successful delivery of the service redesign project as a whole. The action plan should consider the resources required to deliver objectives, key stakeholder dependencies, and responsibility for project oversight; and
 - NHSGGC should ensure that project risks are monitored on a regular and ongoing basis across the life of the project.
- (4) The audit noted 3 grade 3 findings as follows:
- NHSGGC should implement an organisation-wide operational planning framework that covers the Annual Operational Plan, MFT annual priorities and Board Corporate Objectives. The operational planning framework should be presented to the NHSGGC Board for review and approval prior to implementation.
 - NHSGGC should ensure that all plans are reviewed by the Planning Team once drafted. This review should focus on ensuring there is alignment between operational-level objectives and a clear articulation of their contribution towards achievement of wider strategic goals. The review should also seek to identify any areas where objectives are either interdependent or overlapping to ensure that related actions are properly co-ordinated.
 - NHSGGC should ensure that processes for monitoring and reporting on objectives is built into the operational planning framework. We endorse the current reporting mechanism used in respect of Annual Operational Plan objectives and recommend that this approach is replicated across the Board Corporate Objectives and MFT annual priorities.

- 5.16 Internal Audit undertakes follow up work on a quarterly basis to confirm the implementation of 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.

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 Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

6.0 IMPLICATIONS (CONTINUED)

How does this report address our Equality Outcomes?

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

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

National Wellbeing Outcomes

6.6 How does this report support delivery of the National Wellbeing Outcomes?

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None

6.0 IMPLICATIONS (CONTINUED)

People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

7.0 DIRECTIONS

7.1	Direction Required to Council, Health Board or Both	Direction to:	
		1. No Direction Required	X
		2. Inverclyde Council	
		3. NHS Greater Glasgow & Clyde (GG&C)	
		4. Inverclyde Council and NHS GG&C	

8.0 CONSULTATIONS

8.1 N/A

9.0 LIST OF BACKGROUND PAPERS

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

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
AT 31 AUGUST 2020**

Summary: Section 1 Summary of Management Actions due for completion by 31/08/2020

There were 3 actions due for completion by 31 August 2020. Two actions have been completed by management and one action date has been revised.

Section 2 Summary of Current Management Actions Plans at 31/08/2020

At 31 August 2020 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/08/2020

At 31 August 2020 there were 5 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 August 2020 there was one audit action point where the agreed deadline had been missed.

Section 5 Summary of Audit Action Points By Audit Year

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 31.08.2020

SECTION 1

No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*	No action proposed
3	2	1		

* These actions are included in the Analysis of Missed Deadlines – Section 4

Actions completed at 31 July 2020 are as follows:

Action	Expected Date
IJB Directions (December 2018)	
<p>Adequacy of the Integration Joint Board’s Directions Policy (Green) The IJB’s policy on directions will be reviewed and updated by:</p> <ul style="list-style-type: none"> • clearly endorsing the current practice whereby wide-ranging IJB directions are included within regular IJB financial reports in order to authorise the ongoing delivery of HSCP services; • including within each IJB report an “information grid” which shows whether or not IJB directions require to be issued at all or issued to the Council, Health Board or to both of its delivery partners; • amending the template used for IJB directions to include a unique reference number which comprises the IJB meeting date and corresponding report number; • amending the template used for IJB directions to include a “direction status box” to distinguish between updated directions, new directions and the cancellation of existing directions; and • allowing for the preparation of joint directions involving two or more of the IJB’s within NHS Greater Glasgow & Clyde along with outlining the circumstances in which joint IJB directions could become necessary. 	30.06.2020*
Budgetary Control (March 2020)	
<p>Managing a Single Person Dependency (CFO) (Amber) The IJB’s Chief Officer, with input from the IJB’s Chief Financial officer, will develop appropriate contingency arrangements which can be quickly activated whenever the IJB’s Chief Financial Officer is absent for an extended period of time.</p>	30.06.2020

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020

SECTION 2

Current Actions	
Due for completion September 2020	4
Due for completion March 2022	1
Total current actions:	5

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020

SECTION 3

Action	Owner	Expected Date
IJB Directions (December 2018)		
<p>Adequacy of the Integration Joint Board's Directions Policy (Green)</p> <p>Once the Scottish Government's statutory guidance on IJB directions has been issued the Integration Joint Board's Chief Officer will, in conjunction with the IJB's Standards Officer, examine how best to demonstrate compliance with that guidance whilst retaining those elements of current practice which are operating satisfactorily.</p> <p>The IJB's Chief Officer will seek approval from the Inverclyde IJB to implement a revised policy on managing IJB directions.</p>	Chief Officer/ Legal Services Manager/CFO	30.09.2020*
IJB Integration Scheme Update – Readiness Review (December 2019)		
<p>Specifying governance arrangements within the Integration Scheme (Amber)</p> <p>The updated Integration Scheme allows for clearer governance arrangements, which addresses the majority of the points raised.</p> <p>In addition, work will take place across GG&C over the next two years to fully review and revise the current Hosted arrangements. The points raised in this audit will be considered as part of that GG&C wide review.</p>	Chief Officer IJB	31.03.2022 (Interim report due 31.03.2021)
Budgetary Control (March 2020)		
<p>Utilising the Integrated Joint Board's budget to deliver its strategic plan (Amber)</p> <p>The IJB's Chief Financial Officer will include within the summary section of IJB budget monitoring reports coverage of the changes in year-end projections between the current report and the previous one. This coverage will also include an overall explanation of the factors which caused the latest projection to vary from the previous projection.</p> <p>The IJB's Chief Officer and CFO will jointly seek to explore with relevant senior officers within Inverclyde Council and NHS GG&C any material issues which arise regarding the quality of financial information and year-end projections, which those organisations supply. This exercise will focus on controllable factors which drive changes in year-end projections.</p>	Chief Officer/ CFO	30.09.2020
	Chief Officer/ CFO	30.09.2020

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020

SECTION 3

Action	Owner	Expected Date
Budgetary Control (March 2020)		
Updating the Inverclyde Integration Joint Board's (IJB) reserves strategy (Green) The IJB's Chief Financial Officer will update the IJB's reserves strategy to fully: <ul style="list-style-type: none">• reflect the terminology used within the IJB's annual accounts regarding reserves; and• allow for the revised Integration Scheme.	Chief Financial Officer	30.09.2020

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
IJB Directions (December 2018)	<p>Adequacy of the Integration Joint Board's Directions Policy (Green)</p> <p>Once the Scottish Government's statutory guidance on IJB directions has been issued the Integration Joint Board's Chief Officer will, in conjunction with the IJB's Standards Officer, examine how best to demonstrate compliance with that guidance whilst retaining those elements of current practice which are operating satisfactorily.</p> <p>The IJB's Chief Officer will seek approval from the Inverclyde IJB to implement a revised policy on managing IJB directions.</p>	<p>30.04.19 30.06.20</p>	30.09.20	<p>The current policy has been reviewed and updated in line with the new statutory guidance on directions. The new draft policy will be presented to the September meeting of the IJB for approval.</p>

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF ACTION PLAN POINTS BY AUDIT YEAR

SECTION 5

The following table sets out the total number of agreed actions raised by audit year together with their completion status as at 31 August 2020.

Audit Year	Total Agreed Actions	Total Actions Completed	Total Current Actions Not Yet Due*		
			Red	Amber	Green
2016/2017	3	3	0	0	0
2017/2018	8	8	0	0	0
2018/2019	6	4	0	1	1
2019/2020	6	3	0	2	1
Total	23	18	0	3	2

* This part of the table sets out the total number of current actions not yet due at the date of the follow up report.