
Report To: Inverclyde Integration Joint Board Audit Committee **Date:** 25 January 2021

Report By: Corporate Director (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:** IJBA/01/2021/AP

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

Subject: INTERNAL AUDIT PROGRESS REPORT – 31 AUGUST TO 18 DECEMBER 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 31 August and 18 December 2020 that may have an impact upon the IJB's control environment.

2.0 SUMMARY

- 2.1 There were no internal audit reports finalised since the Audit Committee meeting in September.
- 2.2 The plan for 2020/2021 is underway.
- 2.3 In relation to Internal Audit follow-up, there were 4 actions due for completion by 30 November 2020. Three 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 Audit Committee meeting in September 2020, a number of Internal Audit Reports have been reported to Inverclyde Council and NHSGGC which are relevant to the IJB Audit Committee. These are set out at Section 5 of this report.
- 2.5 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 31 August to 18 December 2020.

Louise Long
Chief Officer Inverclyde Health & Social Care Partnership

4.0 BACKGROUND

- 4.1 In March 2020, the Audit Committee approved the current Internal Audit Annual Plan which detailed the activity to be undertaken during 2020-21.
- 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 no internal audit reports finalised since the Audit Committee meeting in September.
- 5.2 The plan for 2020/2021 is underway.
- 5.3 In relation to Internal Audit follow-up, there were 4 actions due for completion by 30 November 2020. Three actions are complete and the completion date in relation to one action has been revised. The current status report is attached at Appendix 1.

5.0 CURRENT POSITION (CONTINUED)

5.4 Inverclyde Council – Internal Audit Progress Report Summary

Since the Audit Committee meeting in September 2020, the following Internal Audit Reports have been reported to Inverclyde Council, which are relevant to the IJB Audit Committee:-

Audit Report	Report Opinion	Number/Category of Issues		
		Red	Amber	Green
Corporate Procurement – Off Contract Spend (1)	Satisfactory	0	2	2
Sundry Debtors	Satisfactory	0	0	8

- 5.5 (1) The review focused on the high-level processes and procedures in relation to off-contract spend and concentrated on identified areas of perceived higher risk, such as not adequately identifying all off-contract spend and not adequately ensuring compliance with all relevant procurement policies and relevant regulations.

The overall control environment opinion for this audit review was Satisfactory.

There were 2 AMBER issues identified as follows:

Monitoring and minimising off-contract spend (Amber)

In order to minimise the occurrence of off-contract spend managers must be aware of its extent and causes. However, we have identified some issues regarding off-contract spend as follows:

- management information is only being produced annually and some months after the financial year end;
- more specific and timely information is required regarding expenditure which exceeds the regulated threshold of £50,000 and has not been subject to tendering procedures; and
- no detailed information is produced about expenditure which continues to be incurred under expired contracts.

Using the Financial Management System (FMS) to manage off-contract spend (Amber)

Before paying a new supplier on FMS, a creditor record is created. Service-based officers submit authorised supplier creation forms to Finance for processing. However, these forms are not vetted by Corporate Procurement staff therefore they cannot readily identify the early use of off-contract suppliers. Also, neither the supplier creation form nor the payment request form contains necessary guidance on expected procurement practice.

In addition, when purchase requisitions are raised on FMS there is no data field for staff to record approved contract numbers. We understand that an unused data field within FMS could, at no cost, be used to record approved contract numbers. In turn, Corporate Procurement officers could more easily identify orders which are placed with off-contract suppliers.

5.0 CURRENT POSITION (CONTINUED)

5.6 Corporate fraud investigations have been undertaken as follows:

Blue Badge Enquiries			
Number of Enquiries	Misuse Identified	No misuse	Ongoing
13	12	0	1

5.7 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.

5.8 NHSGGC - Internal Audit Progress Report Summary

Since the Audit Committee meeting in September 2020, the following Internal Audit Reports have been reported to NHSGGC, which are relevant to the IJB Audit Committee:-

Audit Title	Rating	Number and Priority of Issues			
		4	3	2	1
Nursing and Midwifery Council Referrals	Minor Improvement Required	-	-	1	-
Digital Strategy	Minor Improvement Required	-	-	7	-
Total		-	-	8	-

5.9 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					

6.0 IMPLICATIONS (CONTINUED)

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.

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.

6.0 IMPLICATIONS (CONTINUED)

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
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

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 30 NOVEMBER 2020**

Summary: Section 1 Summary of Management Actions due for completion by 30/11/2020

There were 4 actions due for completion by 30 November 2020 of which 3 have been completed by management and the completion date in relation to one action has been revised.

Section 2 Summary of Current Management Actions Plans at 30/11/2020

At 30 November 2020 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 30/11/2020

At 30 November 2020 there were 2 current audit action points.

Section 4 Analysis of Missed Deadlines

At 30 November 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 30.11.2020

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
4	3	1		

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

Actions completed at 30 November 2020 are as follows:

Action	Status
IJB Directions (December 2018)	
<p>Adequacy of the Integration Joint Board's Directions Policy (Green) 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>Approved at IJB Board meeting in September 2020.</p> <p>Complete.</p>
Budgetary Control (March 2020)	
<p>Utilising the Integration Joint Board's budget to deliver its strategic plan (Amber) 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>	<p>Movements in projections were highlighted in the P5 report to IJB and a table will be included in the P7 report which goes to the IJB in Jan 2021.</p> <p>Complete. These discussions are ongoing each year.</p> <p>Complete</p>

**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 30.11.2020

SECTION 2

Current Actions	
Due for completion September 2021	1
Due for completion March 2022	1
Total current actions:	2

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

CURRENT MANAGEMENT ACTIONS AS AT 30.11.2020

SECTION 3

Action	Owner	Expected Date
IJB Integration Scheme Update – Readiness Review (December 2019)		
<p>Specifying governance arrangements within the Integration Scheme (Amber) 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>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:</p> <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	30.09.2021*

* 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
Budgetary Control (March 2020)	<p>Updating the Inverclyde Integration Joint Board's (IJB) reserves strategy (Green)</p> <p>The IJB's Chief Financial Officer will update the IJB's reserves strategy to fully:</p> <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. 	30.09.20	30.09.21	Postponed due to delay in revised Integration Scheme being agreed.

**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 30 November 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	5	0	1	0
2019/2020	6	5	0	0	1
2020/2021	2	2	0	0	0
Total	25	23	0	1	1

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