

Report To: IJB Audit Committee Date: 14 March 2017
 Report By: Corporate Director (Chief Officer) Report No: IJBA/04/2017/AP
 Inverclyde Integration Joint Board
 Contact Officer: Andi Priestman Contact No: 01475 712251

Subject: INTERNAL AUDIT PROGRESS REPORT – 24 JANUARY TO 17 FEBRUARY 2017

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 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:-
- Review of Governance Arrangements
- 2.2 The objective of this audit was to provide the IJB Audit Committee with an assessment of the adequacy and effectiveness of the IJB's governance arrangements.
- 2.3 This report contains 3 issues categorised as follows:-

Red	Amber	Green
0	0	3

- 2.4 The overall control environment opinion for this review was **Satisfactory**. Areas of improvement were identified in relation to:-
- Managing the implementation of the IJB's governance arrangements
 - Managing IJB members' individual training needs in governance matters
 - Managing the ongoing review and update of the IJB's governance documents
- 2.5 An action plan is in place to address all issues by 28 February 2018.
- 2.6 The fieldwork in relation to the internal audit plan for 2016/2017 is now complete.

2.0 SUMMARY (CONTINUED)

2.7 During 2016/2017, the following Internal Audit Reports have been issued to Inverclyde Council, which are relevant to the IJB Audit Committee:-

Audit Report	Opinion	Number/Category of Issues		
		Red	Amber	Green
Corporate Health and Safety	Satisfactory	0	4	2
LGBF/SOLACE Indicators	Strong	0	0	3

2.8 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.

2.9 In addition, corporate fraud investigation reports have been issued as follows:

Year/Ref	Enquiry	Status
15/16 15-04	NFI Match – Payroll to Creditor Information	Complete – report issued and action plan agreed.
16/17 16-03	Potential misuse of Expired Blue Badge	Complete – report issued and action plan agreed.
16/17 16-04	Client Account Discrepancy	Complete – report issued and action plan agreed.
16/17 16-08	Potential Employee Conflict of Interest	Complete – report issued and action plan agreed.

2.10 During 2016/2017, the following Internal Audit Reports have been issued to NHSGGC which are relevant to the IJB Audit Committee:-

Audit Report	Opinion	Number/Category of Issues		
		High	Medium	Low
Delayed Discharge: Use of Additional Funding	Low Risk	0	2	0
Health and Social Care Partnerships: Governance Arrangements	Low Risk	0	0	4
Risk Management Arrangements	Medium Risk	0	3	1
Clinical Governance	High Risk	0	6	1
Waiting Times/TTG	High Risk	1	2	0
Key Financial Controls – Payroll	Medium Risk	0	3	2
Key Financial Controls – Accounts Payable	Low Risk	0	0	2
Key Financial Controls – General Ledger	Low Risk	0	0	1
Performance Monitoring and Reporting in Acute Services	Low Risk	0	2	0
Complaints Handling Procedures	Low Risk	0	1	3

2.11 Internal Audit has undertaken 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 Audit Committee with any matters of concern being drawn to the attention of this Committee.

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 January to 17 February 2017.

Brian Moore
Corporate Director (Chief Officer), Inverclyde Integration Joint Board

4.0 BACKGROUND

- 4.1 In January 2017, the Audit Committee approved the current Internal Audit Annual Plan which detailed the activity to be undertaken during 2016-17.
- 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 One internal audit report has been finalised since the last Audit Committee meeting in January 2017:-
- Review of Governance 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 IJB's governance arrangements.
- 5.3 This report contain 3 issues categorised as follows:

Red	Amber	Green
0	0	3

5.0 CURRENT POSITION (CONTINUED)

5.4 The overall control environment opinion for this review was **Satisfactory**. Areas of improvement were identified in relation to:

- Managing the implementation of the IJB's governance arrangements
- Managing IJB members' individual training needs in governance matters
- Managing the ongoing review and update of the IJB's governance documents

5.5 An action plan is in place to address all issues by 28 February 2018.

5.6 The fieldwork for the 2016/17 plan is now complete.

5.7 During 2016/2017, the following Internal Audit Reports have been issued to Inverclyde Council, which are relevant to the IJB Audit Committee:-

Audit Report	Opinion	Number/Category of Issues		
		Red	Amber	Green
Corporate Health and Safety	Satisfactory	0	4	2
LGBF/SOLACE Indicators	Strong	0	0	3

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 In addition, corporate fraud investigation reports have been issued as follows:

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Risk Management Arrangements (1)	Medium Risk	0	3	1
Clinical Governance (2)	High Risk	0	6	1
Waiting Times/TTG (3)	High Risk	1	2	0
Key Financial Controls – Payroll (4)	Medium Risk	0	3	2
Key Financial Controls – Accounts Payable	Low Risk	0	0	2

5.0 CURRENT POSITION (CONTINUED)

5.11 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.

(1) There have been a number of initiatives undertaken by NHSGGC to address recommendations made in the previous report on Risk Management, however medium risk issues were identified that are limiting the effectiveness of the actions taken to date including non-attendance at the risk management steering group of key stakeholders from Acute Services, the absence of a clear plan to fully roll out Datix in all NHSGGC areas and the absence of training and communication plans to support the revised risk management strategy and policy.

(2) This was a follow up review to the May 2015 report on Clinical Governance. The internal audit review noted that progress against Phase 1 of each action was near completing and noted the continuance of good practice during the review of clinical governance arrangements within Acute Services Division. Four medium priority actions in progress remain open – procedural/guidance documents; divisional level groups; child protection reporting; and recommendations from an enquiry including knowledge sharing arrangements.

(3) This audit built on the work that was undertaken during 2014/2015 and reviewed the steps taken to address the weaknesses identified. The main weakness which the internal audit review identified was in relation to recovery plans which are required to address waiting list issues which are still to be developed to address issues which have a direct impact on performance against waiting time targets.

(4) This audit reviewed the implementation of actions to address findings arising from the 2015/2016 review. The current review identified that 2 medium risk findings remain open – transfer of data from Bank Staff Management System and the Scottish Standard Time System; and selection of staff in BSMS when booking shifts. In addition one further medium risk was identified in relation to the authorisation of bank shifts where the review identified that certain staff have system access which allows them to schedule and approve their own shift.

5.12 Internal Audit has undertaken follow up work to confirm the implementation of high risk and a sample of medium risk recommendations. The results of the follow up work is reported to the 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 There are no direct equalities implications arising from this report.

Clinical or Care Governance Implications

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

National Wellbeing Outcomes

- 6.6 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.