



Item No. 7

Meeting Date: Wednesday 14th June 2017

Glasgow City Integration Joint Board Finance and Audit Committee

Report By: Chief Internal Auditor for the Integration Joint Board

Contact: Duncan Black

Tel: 0141 287 4053

INTERNAL AUDIT REPORTS

Purpose of Report:

To present to the IJB Finance and Audit Committee the main findings of the following audit reports issued recently, together with a summary of action taken:

- Financial Management
- Governance

Recommendations:

The IJB Finance and Audit Committee is asked to:

- a) Note the content of the reports; and
- b) Instruct the Chief Internal Auditor to provide follow up reports showing progress towards achievement of the Action Plans arising from the audits undertaken

Relevance to Integration Joint Board Strategic Plan:

To provide assurance on various aspects of the Strategic Plan.

Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome:	None
Personnel:	None
Carers:	None
Provider Organisations:	None
Equalities:	None
Financial:	None
Legal:	None
Economic Impact:	None
Sustainability:	None
Sustainable Procurement and Article 19:	None
Risk Implications:	None
Implications for Glasgow City Council:	The current internal auditors of the Council will continue to report to the Council on operational matters relating to Social Care services.
Implications for NHS Greater Glasgow & Clyde:	The current internal auditors of NHSGG&C will continue to report to the NHS Board on operational matters relating to NHS services.



Glasgow City Integration Joint Board

Review of Financial Management

Final Report

Internal Audit

March 2017



ISO 9001: 2008



**Glasgow City Integration Joint Board
Review of Financial Management**

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Glasgow City Integration Joint Board Review of Financial Management

1. Introduction

- 1.1 As part of the 2016/17 Internal Audit plan, we have carried out an Internal Audit review of the Financial Management arrangements within the Glasgow City Integration Joint Board.
- 1.2 Since April 2015, the Glasgow City Integration Joint Board (IJB) has been the primary body through which integrated health and social care services have been strategically planned and monitored within Glasgow. Glasgow City Council (GCC) delegated all of its social care functions and the budget for these functions to the Glasgow City IJB. GCC also delegated other functions including the Fostering and Adoption Service and the provision of assisted garden maintenance. NHS Greater Glasgow and Clyde (NHSGGC) also delegated functions to the IJB including, but not limited to, Acute Hospital Services, District Nursing, Dental and Pharmaceutical Services. An integrated budget is in place and the financial resources available to the Glasgow City IJB (excluding acute hospital activity) is £1.007bn for 2016/17.
- 1.3 The purpose of the audit is to gain assurance that there are adequate arrangements in place for financial management in respect of the integrated IJB budget. The scope of the audit included the review of:
- The process for budget setting, budget approval and reconciling the budget set with that recorded on the financial systems.

- The arrangements in place to prepare the monitoring reports from the ledger of the relevant systems with accompanying adjustments and balance sheet reconciliations.
- The monitoring process and reporting to the IJB senior management, the IJB Finance and Audit Committee, Executive Committee and Integration Joint Board.
- The Financial Regulations, including the process for approval and ongoing review.
- The arrangements for the authorisation of budget amendments.

The scope was limited to the IJB Financial Management arrangements and did not include the review of any localised financial management arrangements in place within GCC and NHSGGC which feed into the IJB processes. The scope did not include any review of the set aside budgets within the IJB.

2. Audit Opinion

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and two recommendations which management should address.

3. Main Findings

- 3.1 We are pleased to report that the key controls are in place and generally operating effectively. Financial Regulations and a documented Scheme of Delegation are in place and clearly define the roles and responsibilities of key officers within the process. The IJB Board have also been provided

with a written framework that sets out how the IJB's financial affairs will be governed. The IJB is reliant on the outcome of the budget setting process that is in place operationally within GCC and NHSGGC however the IJB's roles and responsibilities in terms of the budget setting process are defined within the documented procedures. We confirmed that the IJB core budget and strategic plan have been formally approved by the IJB Board. Budget monitoring reports are presented to Senior Management, the IJB Finance and Audit Committee (FAC) and the IJB Board, are of an appropriate format and can be supported by individual budget monitoring reports to GCC and NHSGGC. The IJB budget monitoring reports provide explanations for the variances being reported and action to be taken, although responsibility for taking the action forward and management of the budget allocation lies operationally with GCC and NHSGGC. Capital expenditure levels have been reported to the IJB FAC for information purposes and a Property Strategy is expected to be reported to the IJB in the next few months.

3.2 We found that budget amendments were approved at an operational level within GCC and the NHSGGC, however arrangements were in place to make the IJB Board aware of any significant budget changes that had taken place since the last operational budget monitoring period. We identified that original approved budget allocations have not been outlined within the budget monitoring reports however, this is due to the existence of internal resource allocation budgets in place between GCC and NHSGGC which do not make this a viable method of reporting.

3.3 However, we also identified some minor areas for improvement which should be made to the existing financial

management arrangements. The IJB budget monitoring arrangements in place have not been documented and there is no documented arrangements in place for the review of the Financial Regulations.

3.4 An action plan is provided at section four outlining our observations, risks and recommendations. We have made two recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	0
Low	Lower level controls absent, not being operated as designed or could be improved.	2

3.5 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.

3.6 We would like to thank officers involved in this audit for their cooperation and assistance.

3.7 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4. Action Plan

Title of the Audit: Glasgow City Integration Joint Board - Review of Financial Management

No.	Observation and Risk	Recommendation	Priority	Management Response (if appropriate)
Key Control: Budget monitoring reports are not prepared and/or are not subject to appropriate scrutiny and review.				
1	<p>A documented procedure is not in place for the compilation of the IJB budget monitoring reports.</p> <p>This increases the risk that the process in place is not clear and followed by all officers involved in the process.</p>	<p>Written budget monitoring instructions should be developed. Thereafter the agreed procedures should be made available to all relevant staff.</p>	Low	<p>Officer Responsible for Implementation: Chief Officer, Finance and Resources</p> <p>Timescale for Implementation: April 2017</p>

Title of the Audit: Glasgow City Integration Joint Board - Review of Financial Management

No.	Observation and Risk	Recommendation	Priority	Management Response (if appropriate)
Key Control: Documented requirements of the Financial Regulations are complied with.				
2	<p>There is no formally agreed arrangement for the review of the Financial Regulations to ensure that they remain fit for purpose.</p> <p>This increases the risk that the regulations are not updated as required to reflect current practice.</p>	<p>The IJB should formalise arrangements for the review and update of the Financial Regulations.</p>	<p>Low</p>	<p>Officer Responsible for Implementation: Chief Officer, Finance and Resources</p> <p>Timescale for Implementation: April 2017</p>



Glasgow City Integration Joint Board

Review of Governance Arrangements

Internal Audit
March 2017



**Glasgow City Integration Joint Board
Review of Governance Arrangements**

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Glasgow City Integration Joint Board Review of Governance Arrangements

1. Introduction

- 1.1 As part of the 2016/17 Internal Audit plan, we have carried out an Internal Audit review of the governance arrangements within the Glasgow City Integration Joint Board.
- 1.2 Since April 2015, the Glasgow City Integration Joint Board (IJB) has been the primary body through which integrated health and social care services have been strategically planned and monitored within Glasgow. Glasgow City Council (GCC) delegated all of its social care functions and the budget for these functions to the Glasgow City IJB. GCC also delegated other functions including the Fostering and Adoption Service and the provision of gardening assistance for the elderly and disabled. NHS Greater Glasgow and Clyde (NHSGGC) also delegated functions to the IJB including, but not limited to, Acute Hospital Services, District Nursing, Dental and Pharmaceutical Services. An Integration Scheme (IS) was developed and approved by the Scottish Government and this sets out the integration arrangements adopted by NHSGGC and GCC in relation to the operation of the IJB. A Strategic Plan was also developed which outlines how the functions delegated to the IJB will be delivered. The IJB is responsible for monitoring the delivery and performance of services by all partners.
- 1.3 The scope of the audit was to ensure that governance arrangements were in place for:
- Strategic Planning
 - Leadership and Governance

- Public Accountability
- Risk Management

Thereafter that there was compliance with various aspects of these arrangements including (but not limited to) the Scheme of Delegation and Standing Orders. Financial management has been specifically excluded from this review due to a separate review of financial management currently being undertaken.

2. Audit Opinion

- 2.1 Based on the audit work carried out a reasonable level of assurance can be placed upon the control environment. The audit has identified some scope for improvement in the existing arrangements and three recommendations which management should address.

3. Main Findings

- 3.1 Since the formal establishment of the IJB in February 2016, significant progress has been made in developing and implementing governance arrangements in line with the expectations set out within the IJB IS, the Public Bodies (Joint Working) (Scotland) Act 2014, and the Integrated Resources Advisory Group (IRAG) guidance published by the Scottish Government. Financial Regulations, a Scheme of Delegation and Standing Orders governing the proceedings and operations of the IJB are all in place and have been approved by the Board. A Strategic Plan has also been put in place and approved by the Board which sets out the operational direction of the IJB. We found that reporting arrangements for the annual accounts and annual

Chief Social Worker's report are in place and in line with the IS. We also found that arrangements were in place in relation to the ongoing monitoring and reporting of performance and risk, and for ensuring that the Board is provided with updates on clinical and care governance which remained within the remit of NHSGGC. We found that work had been undertaken to streamline the risk registers for IJB, GCC Social Work Services (SWS) and the NHSGGC, however, we were informed that no further action can be taken forward in respect of the development of a shared risk register as stated in the IS.

- 3.2 However we also identified some areas for improvement to the existing governance arrangements. We identified that the risk register report presented to the IJB Board did not always clearly state where new risks had been added to the IJB risk register. We also identified that a revised Information Sharing Protocol has as yet not been completed in line with the requirements of the IS.
- 3.3 An action plan is provided at section four outlining our observations, risks and recommendations. We have made three recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	0
Medium	Less critically important controls absent, not being operated as designed or could be improved.	2
Low	Lower level controls absent, not being operated as designed or could be improved.	1

- 3.4 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.5 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.6 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

4. Action Plan

Title of the Audit: Glasgow City Integration Joint Board - Review of Governance Arrangements

No.	Observation and Risk	Recommendation	Priority	Management Response (if appropriate)
Key Control: Key documents are in place, have been approved and arrangements are in place to ensure that these are reviewed.				
1	<p>We found that the IJB Risk Register presented to the IJB Board in June 2016 contained two new risks that had not appeared in the previous register.</p> <p>From a review of the paperwork submitted to Board and the associated minutes, there was no documented evidence which clearly stated that these were new risks on the register.</p> <p>This increases the risk that new or changing risks are not clearly outlined</p>	<p>Risk register information being presented to the IJB Board should highlight any new risks that have been added to the register and justification as to why these have been added.</p>	Medium	<p>All future reports will be checked for accuracy in terms of the addition of new risks. Over the last year the style and contents of reports has been evolving. We introduced a new process this month whereby when new risks are added an email notification is sent around the Senior Management Team.</p> <p>Officer Responsible for Implementation: Head of Business Development</p> <p>Timescale for Implementation: March 2017</p>

Title of the Audit: Glasgow City Integration Joint Board - Review of Governance Arrangements

No.	Observation and Risk	Recommendation	Priority	Management Response (if appropriate)
Key Control: The IJB integration scheme (IS) is being applied in practice.				
2	<p>The Integration Scheme states that “the Parties will revise their existing Information Sharing Protocol (ISP) to become a tri-partite agreement between Health Board, Council and Integration Joint Board. This will be submitted for approval by the existing governance structures of the Parties and to the Integration Joint Board within three months of the Integration Joint Board’s establishment.”</p> <p>An information sharing protocol between GCC and NHSGGC was already in place prior to the establishment of the IJB and it is this protocol that is currently being used at an operational level within GCC SWS and NHSGGC in the delivery of services. Work is currently being undertaken by GCC Governance to develop a revised Information Sharing Protocol however this has as yet not been completed and is out-with the 3 month timeframe outlined in the integration scheme.</p> <p>There is a risk that the existing arrangements are out of date and information could be shared inappropriately.</p>	The IJB should work with GCC Governance in order to progress the implementation of the revised Information Sharing Protocol.	Medium	<p>Work required with corporate colleagues to complete this task.</p> <p>Officer Responsible for Implementation: Business Development Manager</p> <p>Timescale for Implementation: September 2017</p>

Title of the Audit: Glasgow City Integration Joint Board - Review of Governance Arrangements

No.	Observation and Risk	Recommendation	Priority	Management Response (if appropriate)
Key Control: The IJB integration scheme (IS) is being applied in practice.				
3	<p>The Integration Scheme sets out that the absence of the Chief Officer for any period will be covered by either the Chief Officer Operations, Chief Officer, Planning and Strategy, Chief Social Work Officer or Chief Finance and Resources Officer and states that the Chief Officer should nominate a senior officer to act for him or her during periods of absence. Although key documents are in place which would facilitate the responsibilities of the Chief Officer being undertaken in their absence, the Chief Officer has not formally nominated a specific senior officer to act for them during periods of absence.</p> <p>This increases the risk that appropriate business continuity arrangements are not in place to cover periods where the Chief Officer is off on long term absence or vacates their post.</p>	The IJB Chief Officer should formally nominate a specific senior officer/s to act for them in periods of absence in line with the requirements of the Integration Scheme.	Low	<p>A paper outlining nomination to cover Chief Officer absences was taken to the meeting of the Chief Officers along with this action plan on 6th March.</p> <p>Officer Responsible for Implementation: Chief Officer</p> <p>Timescale for Implementation: March 2017</p>