



Item No. 6

Meeting Date: Wednesday 12th June 2019

Glasgow City Integration Joint Board Finance, Audit and Scrutiny Committee

Report By: Chief Internal Auditor for the Integration Joint Board
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REVIEW OF FINANCIAL GOVERNANCE

Purpose of Report:	To present to the IJB Finance, Audit and Scrutiny Committee the main findings of the following audit report that was issued recently, together with a summary of action taken: <ul style="list-style-type: none">• Review of Financial Governance
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Background/Engagement:	The review was undertaken as part of the agreed 2018/19 Internal Audit Plan.
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Recommendations:	The IJB Finance, Audit and Scrutiny Committee is asked to: <ul style="list-style-type: none">a) note the content of the report; andb) recommended that the Head of Audit and Inspection submits a further report to the IJB Finance, Audit and Scrutiny Committee on the implementation of the action contained in the attached Action Plan.
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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
Fairer Scotland Compliance:	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 the NHSGG&C will continue to report to the NHS Board on operational matters relating to NHS services.



Glasgow City Integration Joint Board

Financial Governance

Internal Audit

May 2019

FINAL REPORT

**Glasgow City Integration Joint Board
Financial Governance**

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FS 57095
Management System Certification

Glasgow City Integration Joint Board Financial Governance

1. Introduction

- 1.1 As part of the agreed Internal Audit plan we have carried out a review of the financial governance arrangements in place for the Glasgow City Integration Joint Board (IJB).
- 1.2 The Glasgow City IJB is required to approve a balanced budget on the basis of funding delegated by its partner organisations, NHS Greater Glasgow and Clyde (NHSGGC) and Glasgow City Council (GCC). The IJB's Strategic Plan sets out what the IJB wants to deliver in line with the funding arrangements in place. The Chief Officer, Finance and Resources will develop a draft proposal for the Integrated Budget based upon the Strategic Plan and present it to GCC and NHSGGC for consideration as part of their respective annual budget setting process. This will allow GCC and NHSGGC to determine the final funding to be delegated to the IJB. The IJB needs to consider the amount of delegated funding and savings required to deliver a balanced budget.
- 1.3 This review was part of an ongoing programme of reviews of various aspects of the financial governance arrangements within the IJB. We have previously undertaken reviews in relation to medium term financial planning, budget setting, monitoring and reporting.
- 1.4 The scope of the audit was to gain assurance that there are robust financial governance arrangements within the IJB in relation to specific areas. The scope of the audit included:

- Reviewing the arrangements in place to outline budgeted savings;
- Ensuring that budgeted savings are robust and have been subject to appropriate approval;
- Reviewing the monitoring arrangements in place to track and report on budgeted savings;
- Reviewing the arrangements in place to ensure that budgeted savings are being achieved and, where this is not as expected, arrangements are in place to report on and account for any anticipated shortfall;
- Ensuring that appropriate arrangements are in place to report on savings to the board and that the information being reported is consistent with supporting documentation; and
- Ensuring that appropriate financial governance arrangements are in place to address any service delivery changes.

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 one recommendation 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. Arrangements are in place to outline budgeted savings options and these options are subject to a process of scrutiny by the Integrated Transformation Board (ITB). We identified that the

information submitted in support of the budgeted savings options differed between the NHSGCC and GCC, however, found that the same level of information was provided for each partner organisation. The IJB Board are required to approve budgeted savings for each financial year as part of the budget setting process and evidence was found to show this is in place. We also found that arrangements were in place to take account of service delivery change within the IJB financial monitoring process.

3.2 We found that all approved savings were captured and monitored through a “transformation tracker” which is subject to a process of validation, review and scrutiny with lines of ownership in place for the savings identified. The internal reporting arrangements in place for the “transformation tracker” provide management with an opportunity to monitor progress being made against the identified savings and, where relevant, identify and address any concerns in relation to these being achieved. We found that the IJB Board will be informed of any areas where the budgeted savings are not being achieved through the budget monitoring process and evidence was provided to show this reflected in practice.

3.3 However we also identified one area for improvement. Although arrangements were in place to capture and monitor unachieved savings through the “transformation tracker”, we also found that, for one saving, the documentation in place had not been fully completed to detail the final year end saving that was to be carried forward for monitoring within the “transformation tracker” for the next financial year. In addition, we found that, on occasion, as part of the scrutiny process for the budgeted savings options, the ITB will be presented with verbal updates on the proposals made. We recognise this is necessary in order to protect the sensitive nature of the information being discussed, however we have

not reviewed the supporting paperwork in these cases.

3.4 An action plan is provided at section four outlining our observations, risks and recommendations. We have made one recommendation for improvement. The priority of the 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.	1

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 the IJB Finance, Audit and Scrutiny Committee on the implementation of the action contained in the attached Action Plan.

4. Action Plan

Title of the Audit: Glasgow City Integration Joint Board – Financial Governance

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Arrangements are in place to ensure that budgeted savings are being achieved and to report on and account for any anticipated shortfall				
1	<p>Although arrangements were in place to capture and monitor unachieved savings through the “transformation tracker”, we found that, for one saving, the documentation in place had not been fully completed to detail the final year end saving that was to be carried forward for inclusion within the “transformation tracker” for the next financial year.</p> <p>This increases the risk that documents submitted for scrutiny and decision making are not clear.</p>	<p>Management should ensure that documentation in place reflects the agreed year end savings that are to be carried forward for inclusion in the “transformation tracker”.</p>	<p>Low</p>	<p>Response:</p> <p>Accepted</p> <p>The template for the transformation tracker records this data. One saving was not identified for carry forward on the year-end tracker. Future trackers will be fully completed moving forward.</p> <p>Officer Responsible for Implementation:</p> <p>Assistant Chief Officer (Finance)</p> <p>Timescale for Implementation:</p> <p>30 June 2019</p>