



Item No. 6

Meeting Date: Wednesday 18th October 2017

Glasgow City Integration Joint Board Finance and Audit Committee

Report By: Chief Internal Auditor to the Integrated Joint Board

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INTERNAL AUDIT UPDATE (February 2017 – September 2017)

Purpose of Report:	To present to the Finance and Audit Committee details of the internal audit work undertaken at Glasgow City Council and NHS Greater Glasgow and Clyde that may have an impact upon the Glasgow City Integration Joint Board.
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Recommendations:	The IJB Finance and Audit Committee is asked to: a) note the content of the report.
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Relevance to Integration Joint Board Strategic Plan:

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Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome:	None
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Personnel:	None
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Carers:	None
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Provider Organisations:	None
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Equalities:	None
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Financial:	None
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Legal:	None
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Economic Impact:	None
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Sustainability:	None
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Sustainable Procurement and Article 19:	None
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Risk Implications:	None
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Implications for Glasgow City Council:	The internal auditors of the Council will continue to follow up on the recommendations arising from the reviews relating to Social Work Services.
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Implications for NHS Greater Glasgow & Clyde:	The internal auditors of NHSGG&C will continue to follow up on the recommendations arising from the reviews relating to NHSGG&C.
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1. BACKGROUND

- 1.1 Both Glasgow City Council and NHS Greater Glasgow and Clyde have Internal Audit functions that conduct audits across each organisation and report the findings of these to the respective audit committees.
- 1.2 Members of the Integration Joint Board have an interest in the outcomes of audits at both Glasgow City Council and NHS Greater Glasgow and Clyde that have an impact upon the Integration Joint Board's ability to deliver the strategic plan.
- 1.3 This report provides a summary to the Glasgow City Integration Joint Board's Finance and Audit Committee of the Internal Audit activity at these organisations since the last update in February 2017 which may have an impact upon the delivery of the strategic plan.
- 1.4 As with all recommendations, the Chief Internal Auditor will monitor the implementation of these and summary information will be provided to a future Finance and Audit Committee.

2. GLASGOW CITY COUNCIL

- 2.1 In the period, the following Internal Audit reports have been issued to the Council, which are relevant to the Integration Joint Board:

Audit Title	Opinion *	Number and Priority of Recommendations		
		High	Medium	Low
Social Work Services Reports:				
PayPoint	Reasonable assurance	0	5	0
Establishment visits (Note (i))	Reasonable assurance	1	14	6
Corporate Reports:				
Accounts Payable (Note (ii))	Reasonable assurance	1	1	0
Capital Projects – Lessons Learned (Note (iii))	Reasonable assurance	1	4	0
BCP Arrangements	Reasonable assurance	0	1	0
TOTAL		3	25	6

- 2.2 In each audit one of four opinions is expressed:

- The control environment is satisfactory i.e. audit testing found no concerns with the control environment.

- A reasonable level of assurance can be placed upon the control environment i.e. audit testing found no major weaknesses in the control environment but some improvements could be made.
- A limited level of assurance can be placed upon the control environment i.e. improvements are necessary to ensure the control environment is fit for purpose.
- The control environment is unsatisfactory i.e. significant improvements are required before any reliance can be placed upon the control environment.

Notes

- (i) The review involved a visit to seven SWS establishments to undertake spot checks on the following arrangements: physical security, information security, health & safety and cash counts. The high priority recommendation relates to ensuring that regular bank reconciliations are undertaken in line with Council procedures.
- (ii) The Council's Financial Services Accounts Payable (AP) team processes the payment of invoices on behalf of other Council Services and some of the ALEOs. Responsibility for ordering and approving the purchase of goods, services and works remains with the Service departments. The high priority recommendation relates to the Council's AP team ensuring that there is an up to date authorised signatory list in place for use by the AP team.
- (iii) In 2015, a Lessons Learned exercise was facilitated by the Council's Corporate Governance team and involved participation by a number of key stakeholders across the Council family to identify successes and opportunities for improvement in capital programme governance arrangements. The findings of this exercise were presented to the Capital Programme Board (CPB) in June 2015. The recommendations were endorsed and Services and ALEOs were asked to implement the lessons set out in the report. A review of compliance with the lessons learned recommendations was undertaken, covering a sample of capital projects (including one SWS project). The high priority recommendation related to ensuring that all capital projects have an up to date risk register, using the guidance and format included in the capital project toolkit.

3 NHS GREATER GLASGOW AND CLYDE

3.1 In the period, the following Internal Audit reports have been issued to the NHS Greater Glasgow & Clyde, which are relevant to the Integration Joint Board:

Audit Title	Report Classification	Number and Priority of Recommendations		
		High	Medium	Low
Estates – Backlog & Operational Maintenance	Medium	0	3	0
Repairs & Maintenance Spend Data	Medium	0	3	1
Health & Social Care Integration – Assurance Map	No rating	0	0	0
Health and Social Care Integration – Financial & Performance Reporting and Controls	Low	0	0	2
IT Project Governance	Medium	0	2	2
Data Security & Management: Information Commissioners Office – follow up	Medium	This was a detailed progress report on the 2016 ICO review; findings totals are not comparable with internal audit reports		
Cyber Maturity ‘Technology’ review	No rating	0	0	0
Reporting and monitoring arrangements for efficiency savings (Note i)	High	1	4	0
Embedding Risk Management arrangements	Medium	0	3	1
Capacity Planning - Cancer Services	Medium	0	3	0
Property transaction monitoring	Low	0	0	0
TOTAL		1	18	6

3.2 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 fines and consequences; or
- Moderate impact on the reputation or brand of the organisation.

Low risk indicates findings that could have a:

- Minor impact on the organisation’s operational performance; or
- Minor monetary or financial statement impact; or
- Minor breach in laws and regulations with limited consequences; or
- Minor impact on the reputation of the organisation

Notes:

(i) **Reporting and monitoring arrangements for efficiency savings – high**

The review assessed the measures in place to enable NHSGGC to report and monitor on the delivery of the identified Cash-Releasing Efficiency Savings (CRES) in place to achieve a balanced budget. The audit confirmed that effective monitoring systems are in place with accurate information available on a regular basis to enable key stakeholders to monitor current performance. However, the review identified risks arising around:

- Unallocated savings plans; and
- Savings Plans are financial year-end loaded increasing reliance on 'Board Relief': by 31 December 2016, plans had not yet been commenced or delivered for 17% of the sampled savings plans.

Management commented that this report, on an extremely challenging area of the organisation, was broadly welcomed, and that the recommendations will be taken on board. It was also noted that it was difficult to have a medium term financial plan in the absence of an agreed strategy from the centre. It was acknowledged that the Board did need to get to a break-even position on a recurring basis.

4. RECOMMENDATION

4.1 The IJB Finance and Audit Committee is asked to:

- a) note the content of the report.