



Item No: 6

Meeting Date: Wednesday 6th December 2017

Glasgow City Integration Joint Board Finance and Audit Committee

Report By: Chief Internal Auditor for the Integration Joint Board

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REVIEW OF RISK MANAGEMENT ARRANGEMENTS

Purpose of Report:	To present to the IJB Finance and Audit 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 Risk Management Arrangements
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Background/Engagement:	The review was undertaken as part of the agreed 2017/18 Internal Audit Plan.
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Recommendations:	The Committee is asked to: <ul style="list-style-type: none">a) Note the content of the report; andb) Instruct the Chief Internal Auditor to provide follow up reports showing progress towards achievement of the Action Plans arising from audits undertaken.
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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
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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 the NHSGG&C will continue to report to the NHS Board on operational matters relating to NHS services.



Glasgow City Integration Joint Board

Review of Risk Management Arrangements

Internal Audit
November 2017



ISO 9001: 2008



**Glasgow City Integration Joint Board
Risk Management Arrangements**

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Glasgow City Integration Joint Board Risk Management Arrangements

1. Introduction

1.1 As part of the 2017/18 Internal Audit plan, we have carried out an Internal Audit review of the risk management arrangements in place within the Glasgow City Integration Joint Board, hereafter referred to as the IJB.

1.2 The scope of the audit was to gain assurance that the overall risk management framework adopted by the IJB is fit for purpose and enables the Board to be aware of the potential strategic risks affecting the IJB and its ability to deliver on the strategic plan. This included:

- Ensuring that risk management processes and procedures were in place for the IJB and, where relevant, Glasgow City Council Social Work Services (GCC SWS) and NHS Greater Glasgow and Clyde (NHSGGC);
- Ensuring that there was a corporate approach to the identification and evaluation of risk, which was linked to the Strategic Plan;
- Reviewing the arrangements in place for the ongoing monitoring and assessment of risk and the associated controls put in place to manage risks;
- Ensuring that there were defined procedures in place for the recording and reporting of risks and these were being followed;
- Reviewing the arrangements in place to ensure that managers are accountable for risks that they are the risk owners of; and

- Reviewing the arrangements in place to provide the board and senior management with the necessary updates on the risk management of the organisation and to provide assurance that the controls and mitigating actions were being delivered.

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 six recommendations which management should address.

3. Main Findings

3.1 We are pleased to report that the key controls were in place and were generally operating effectively. A Risk Management Strategy has been developed, which outlines the key roles and responsibilities of those involved in the risk management process. The Risk Management Strategy includes a documented methodology for assessing risks which we found was being consistently applied across the risk registers prepared for the IJB, GCC SWS and NHSGGC.

3.2 Arrangements were in place for risk owners and managers to review and update risk rating scores and mitigating actions within the risk registers on a quarterly basis for the IJB risk register and the NHSGGC and GCC SWS risk registers that are reported to the IJB. We found that all risks appearing on these registers were subject to scrutiny by the City Wide Operational Management Group (CWOMG) on a quarterly basis. We also found that there were robust processes in place for senior management review of risks rated high, prior

to reporting to the above group, IJB Finance and Audit Committee (FAC) or Board.

- 3.3 However, we also identified some areas for improvement. A working group has been established to review the Risk Management Strategy and the risk management arrangements in place however, the review has not yet been finalised. The Integration Scheme outlines that the review should be completed annually, therefore by February 2017. The IJB approved the process to have risks reported quarterly to the IJB FAC; however this has not been updated in the Risk Management Strategy. We also found that there was no quarterly risk register reported in November 2016, which was not compliant with the arrangements previously agreed by the IJB Board.
- 3.4 We found that there are currently a limited number of parties involved in the process of collating the risk management information for IJB reporting purposes. Management had recognised this and progress has been made in having other officers trained in the process followed. However further work in this area is still required. We also found that, although development sessions had been held for IJB Board members, training for risk managers and owners had not been delivered.
- 3.5 An action plan is provided at section four outlining our observations, risks and recommendations. We have made six 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.	1
Low	Lower level controls absent, not being operated as designed or could be improved.	5

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

4. Action Plan

Title of the Audit: Glasgow City Integration Joint Board – Risk Management Arrangements

No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Risk management processes and procedures are in place and embedded within the organisation.				
1	<p>The IJB Integration Scheme sets out that the Risk Management Strategy should be updated on an annual basis.</p> <p>At the time of audit fieldwork a review of the strategy was ongoing, however it had not been finalised. As such, the update of the Risk Management Strategy has not been completed within the timescales set out in the Integration Scheme.</p> <p>We also found that some processes had changed since the strategy was first drafted (e.g. risk registers are now reported to the IJB FAC rather than the IJB Board and the reporting of risk registers is quarterly rather than six monthly). These changes have not been reflected in the strategy.</p> <p>This increases the risk that an appropriate Risk Management Strategy is not being followed.</p>	<p>Senior management should finalise the review of the Risk Management Strategy as soon as possible and report it to the IJB FAC/board. As part of this, the strategy should be updated to reflect the revised risk reporting arrangements.</p>	<p>Medium</p>	<p>The difference between the Integration Scheme and the IJB Risk Management Policy in terms of review frequency has been corrected by amending the Policy to be in line with the Integration Scheme. The policy review has been completed and is scheduled to be signed off by the Finance and Audit Committee in December 2017 for submission to the IJB for approval in February 2018.</p> <p>Officer Responsible for Implementation: Head of Business Development</p> <p>Timescale for Implementation: February 2018</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
2	<p>The Risk Management Strategy provides guidance on the reporting of risks and sets out that any risks that have a rating score of more than nine in the risk register should be reported to the IJB Board. However, it is not clear whether the score of more than nine applies to the inherent risk rating on the risk registers or the current risk rating (once the mitigating actions have been taken into account).</p> <p>This increases the risk that risk levels are misunderstood and not appropriately reported.</p>	<p>The Risk Management Strategy should be updated to provide guidance on whether the risk rating score for risks being reported applies to the inherent or current risk rating.</p>	Low	<p>The updated policy has been updated to show that the rating score of more than nine applies to current risk.</p> <p>Officer Responsible for Implementation: Head of Business Development</p> <p>Timescale for Implementation: February 2018</p>
<p>Key Control: There is a corporate approach to the identification and evaluation of risk which is linked to the Strategic Plan and understood by all relevant parties.</p>				
3	<p>We found that IJB Board members have received training in relation to risk management; however there were no training arrangements in place for risk owners or managers.</p> <p>This increases the risk that risk owners or managers are not aware of the risk management methodology and assessment processes that they should be adhering to.</p>	<p>Senior management should consider the requirement to provide risk management training to all relevant staff.</p>	Low	<p>Management agree with the recommendation and will implement training to appropriate staff, timescale June 2018.</p> <p>Officer Responsible for Implementation: Head of Business Development.</p> <p>Timescale for Implementation: June 2018</p>
4	<p>We found that although the risk registers contained risks in relation to the strategic plan, further information could be provided in the registers to demonstrate the link between the risk and objectives</p>	<p>Senior management should consider whether it is appropriate to link the risk registers reported to the IJB Board to the IJB strategic objectives.</p>	Low	<p>Management agree with the recommendation and will ensure that clear linkages to the strategic plan are made in the IJB register.</p>

No.	Observation and Risk	Recommendation	Priority	Management Response
	of the strategic plan. Current arrangements increase the risk that strategic plan objectives are not met.			<p>Officer Responsible for Implementation: Head of Business Development.</p> <p>Timescale for Implementation: February 2018</p>
Key Control: Arrangements are in place to provide the IJB Board and senior management with the necessary updates on risk management.				
5	<p>We found that there are currently a limited number of parties involved in the process of collating the risk management information for IJB reporting purposes. Management had recognised this and progress has been made in having other officers trained in the process followed. However further work is still required to ensure that an appropriate number of staff are skilled in the process of collating and reporting risk information for presentation to the board.</p> <p>This increases the risk that there is a lack of suitably trained staff to undertake the necessary risk management processes.</p>	Senior management should ensure that a sufficient number of staff are skilled in the process of collating and reporting risk information to ensure that adequate succession planning arrangements are in place.	Low	<p>Management agree with the recommendations and the timescale.</p> <p>Officer Responsible for Implementation: Head of Business Development</p> <p>Timescale for Implementation: February 2018</p>
6	<p>We found that the risks appearing in the IJB and GCC SWS risk registers had been renumbered during 2017. However, no record had been maintained to link the new risk register references with the old references used.</p> <p>This increases the risk that risk reporting and ownership may be more difficult to follow.</p>	Senior management should review the arrangements for renumbering risks and ensure that there is a clear audit trail and that this is available if required.	Low	<p>Management agree with the recommendations and the timescale.</p> <p>Officer Responsible for Implementation: Head of Business Development</p> <p>Timescale for Implementation: February 2018</p>