PLEASE NOTE TIME OF MEETING

Municipal Buildings, Greenock PA15 1LY

Ref: SL/AI

Date: 30 August 2018

A meeting of the Inverclyde Integration Joint Board Audit Committee will be held on Tuesday 11 September 2018 at 1pm within Board Room 1, Municipal Buildings, Greenock.

Gerard Malone
Head of Legal and Property Services

BUSINESS

****Copy to follow**

1.	**Apologies, Substitutions and Declarations of Interest**	**Page**
2.	**Minute of Meeting of IJB Audit Committee of 20 March 2018**	**p**
3. **	**Annual Report to the IJB and Controller of Audit for the Financial Year Ended 31 March 2018** Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	
4.	**Internal Audit Progress Report – 26 February to 17 August 2018** Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	**p**
5.	**Internal Audit Annual Report and Assurance Statement 2017/2018** Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	**p**
6.	**Internal Audit – Annual Plan 2018 - 2019** Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	**p**
7.	**IJB Risk Management Update** Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	**p**

Enquiries to - **Sharon Lang** - Tel 01475 712112

Inverclyde Integration Joint Board Audit Committee

Tuesday 20 March 2018 at 2.10pm

Present: Councillors L Quinn and L Rebecchi, Mr A Cowan, Dr D Lyons, Mr I Bruce and Ms D McCrone.

Chair: Councillor Rebecchi presided.

In attendance: Ms L Long, Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Ms L Aird, Chief Financial Officer, HSCP, Ms S McAlees, Head of Children's Services & Criminal Justice, Ms H Watson, Head of Strategy & Support Services, Ms A Priestman, Chief Internal Auditor, Ms V Pollock (for Head of Legal & Property Services) and Ms S Lang (Legal & Property Services).

In attendance also: Mr D Jamieson and Mr T Yule, Audit Scotland.

5 Apologies, Substitutions and Declarations of Interest **5**

No apologies for absence or declarations of interest were intimated.

6 Minute of Meeting of Inverclyde Integration Joint Board Audit Committee of 30 January 2018 **6**

There was submitted minute of the meeting of the Inverclyde Integration Joint Board Audit Committee of 30 January 2018.
Decided: that the minute be agreed.

7 Internal Audit Progress Report – 8 January to 23 February 2018 **7**

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership on the progress made by Internal Audit during the period from 8 January to 23 February 2018.
Decided: that the Committee note the progress made by Internal Audit during the period from 8 January to 23 February 2018.

8 External Audit – Annual Audit Plan 2017/18 **8**

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership appending the External Audit Plan for 2017/18 produced by Audit Scotland.
Decided:
(1) that the Committee note the annual Audit Plan 2017/18; and
(2) that the Committee note the proposed Audit Fee and authorise officers to write to Audit Scotland direct, querying this and asking for an urgent review of the proposed fee.

9 Local Code of Governance **9**

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership proposing establishment of a local Code of

Governance Framework with sources of assurance for the Integration Joint Board.
During the course of discussion on this item, reference was made to the process for self-assessment as an Integration Joint Board and Ms Aird indicated that work was underway in relation to self-assessment and the preparation of an associated action plan which would be reported in due course.

Decided:

(1) that the Committee note the contents of the report;

(2) that the Committee approve the local Code of Governance Framework attached at Appendix A; and

(3) that the Committee note that officers will carry out an evaluation of compliance of the IJB's governance arrangements against the local Code of Governance Framework and that this evaluation will be reflected in the annual Governance Statement.

AGENDA ITEM NO: 4

Report To:	**Inverclyde Integration Joint Board Audit Committee**	**Date:**	**11 September 2018**
Report By:	**Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership**	**Report No:**	**IJBA/05/2018/AP**
Contact Officer:	**Andi Priestman**	**Contact No:**	**01475 712251**

Subject: INTERNAL AUDIT PROGRESS REPORT – 26 FEBRUARY TO 17 AUGUST 2018

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 (NHSGGC) between 26 February and 17 August 2018 that may have an impact upon the IJB's control environment.

2.0 SUMMARY

2.1 There was one internal audit report finalised since the last Audit Committee meeting in March 2018:

- Workforce Planning Arrangements

2.2 The fieldwork for the 2017/2018 plan is complete.

2.3 In relation to Internal Audit follow up, there were 4 action plans due for completion by 31 July 2018 of which 2 actions have been reported as complete and dates in relation to 2 actions have been revised. The current status report is attached at Appendix 1.

2.4 In addition, since the last Audit Committee meeting in March 2018, a number of Internal Audit Reports have been reported to Inverclyde Council and NHSGGC which are relevant to the IJB Audit Committee. These are set out in Section 5 of this report.

2.5 Actions have been agreed with management and Internal Audit within Inverclyde Council and NHSGGC undertake follow up of actions in accordance with agreed processes and report on progress to the respective Audit Committees.

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 26 February and 17 August 2018.

Louise Long
Chief Officer Inverclyde Health & Social Care Partnership

4.0 BACKGROUND

4.1 In September 2017, the Audit Committee approved the current Internal Audit Annual Plan which detailed the activity to be undertaken during 2017-18.

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 There was one internal audit report finalised since the last Audit Committee meeting in March 2018:

- Workforce Planning Arrangements

5.0 CURRENT POSITION (CONTINUED)

5.2 The Inverclyde Integration Joint Board (IJB) overseas the provision of defined services to local residents through its delivery arm, the Inverclyde Health & Social Care Partnership (HSCP). Those services are delivered by a workforce who range from registered professionals to carers and volunteers. June 2017 saw the Inverclyde IJB approve its first three year workforce plan, known as the People Plan. The People Plan must be actively managed in order to realise its various ambitions. At the same time senior officers across the HSCP must respond to a range of pressures such as demographic changes and the need to redesign services.

5.3 The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks in relation to workforce planning arrangements.

5.4 The overall control environment opinion for this audit review was **Satisfactory**. One AMBER issue was identified which is summarised as follows:

Managing the People Plan Action Plan

The People Plan Action Plan contains a considerable number of actions which require to be managed by the People Plan Core Group. However, the actions which require to be prioritised within the coming year have not yet been specified.

In addition, there are a range of risks associated with implementing the People Plan Action Plan and it is essential to manage those risks which are most likely to occur and could undermine delivery of the plan. These risks include managing financial constraints and those factors which could collectively hinder the redesign of services. We found that a formal risk management approach has not been applied to the People Plan Action Plan.

5.5 The review identified 2 issues, one of which we consider to be individually significant and an action plan is in place to address all issues by 31 March 2019.

5.6 The fieldwork for the 2017/2018 plan is now complete.

5.7 In relation to Internal Audit follow up, there were 4 items due for completion by 28 February 2018 of which 2 items have been reported as complete and dates in relation to 2 items have been revised. The current status report is attached at Appendix 1.

5.8 **Inverclyde Council – Internal Audit Progress Report Summary**

Since the last Audit Committee meeting in March 2018, the following Internal Audit Report has been reported to Inverclyde Council, which is relevant to the IJB Audit Committee:-

Audit Report	Report Opinion	Number/Category of Issues		
		Red	Amber	Green
HSCP Commissioning Arrangements (1)	Satisfactory	0	2	1

5.0 CURRENT POSITION (CONTINUED)

5.9 (1) The Inverclyde Integration Joint Board requires the Health & Social Care Partnership (HSCP) to provide local residents with defined services. Directly employed staff and commissioned services are central to the delivery of those services, with commissioned services costing in the region of £35m per year. Commissioning includes a range of activities such as assessing clients' needs, planning services and procuring those services. It is important to have clear commissioning priorities when implementing the overarching Strategic Plan. In this respect senior HSCP officers have produced a Market Facilitation & Commissioning Plan. The traditional "silo" approach to commissioning HSCP services is no longer compatible with the five strategic commissioning themes. Instead, the aim is to meet clients' assessed needs in ways which deliver positive outcomes for them and improve their lives.

The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks faced by Inverclyde Council in relation to the HSCP's commissioning arrangements.

The audit identified 2 AMBER issues summarised as follows:

<u>Developing themed strategic commissioning of HSCP services</u>

The HSCP uses a mix of internal and external providers to deliver defined services to local clients. The commissioning of services includes assessing clients' overall care needs. Although HSCP services are organised by function, senior officers commission services using five strategic commissioning themes. Through discussions with staff, we understand that when developing themed strategic commissioning there is a need to examine how best to:

- more closely co-ordinate client assessments and themed commissioning arrangements, especially for clients with multiple care needs;
- avoid unintentionally providing clients with more care than their assessed needs require, which can occur when service provision is inadvertently emphasised over trying to achieve positive outcomes for clients;
- place a greater emphasis on a "bottom-up" rather than "top-down" approach to commissioning services which focuses on improving clients' lives; and
- develop the financial information which underpins commissioning activities. An effective mechanism for allocating client care costs across Team budgets is required for those clients with complex care needs.

In addition, it is necessary to identify changes to relevant policies and procedures to support themed strategic commissioning.

5.0 CURRENT POSITION (CONTINUED)

Managing Strategic Commissioning practices

It is important that those HSCP officers who commission and manage services work collaboratively with the Strategic Commissioning Team. We found that there is scope to promote the role of the Strategic Commissioning Team amongst relevant HSCP officers. More specifically, operational officers must be encouraged to always make contact at an early stage whenever they need to change commissioned services and review grants or Service Level Agreements relating to external organisations for commissioned services. Also, relevant HSCP expenditure must be subject to approved commissioning arrangements. Key officers are not entirely certain that this is the case, although this issue is understood to have greatly reduced over the last year.

In addition, the Market Facilitation & Commissioning Plan was approved during March 2018. This plan contains a number of actions and highlights areas which require further development. Whilst we acknowledge that officers have started to implement this plan, there is scope to create a prioritised action plan of key tasks and identify risks to successfully implementing the Plan.

The effectiveness of the HSCP's commissioning arrangements may be reduced without ongoing collaboration between the Strategic Commissioning Team and all relevant HSCP officers.

HSCP expenditure which is incurred without involving the Strategic Commissioning Team may lack the support of formal contracts and not fully comply with established commissioning policies and procedures.

5.10 The review identified 3 issues, 2 of which we consider to be individually significant and an action plan is in place to address all issues by 31 March 2019.

5.11 As part of the Internal Audit Annual report to the IJB Audit Committee, reports rated Unsatisfactory or Requires Improvement will be considered for inclusion within the IJB's annual governance statement as appropriate.

5.12 The Annual Internal Audit Report for Inverclyde Council outlined the internal audit work carried out for the year ended 31 March 2018 and stated that the Chief Internal Auditor was required to provide a written statement to the organisation to inform the Annual Governance Statement. The internal audit work carried out during the year was based on the internal audit annual plan for the year which had been approved by the IJB Audit Committee in September 2017.

The Chief Internal Auditor Opinion was *Generally Satisfactory with some improvement needed.* A few specific control weaknesses were noted: generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.

There were no audit reports during 2017-18 rated as Unsatisfactory or Requires Improvement which required to be reported in the Annual Governance Statement.

5.0 CURRENT POSITION (CONTINUED)

5.13 In addition, corporate fraud investigations have been undertaken as follows:

Year/Ref	Enquiry	Status
17/18 17-127	Misuse of Blue Badge	Closed – no fraud detected.
17/18 17-140	Misuse of Blue Badge	Misuse established. Letter issued.
17/18 17-159	Misuse of Blue Badge	Misuse established. Letter issued.
17/18 17-163	Misuse of Blue Badge	Misuse established. Visit to badge holder and advice given.
17/18 17-168	Misuse of Blue Badge	Misuse established. Badge cancelled.
18/19 18-01	Misuse of Expired Blue Badge	Misuse established. Letter issued.
18/19 18-05	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-06	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-13	Misuse of Blue Badge	Misuse established. Badge cancelled.
18/19 18-16	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-20	Misuse of Blue Badge	Referred to Corporate Fraud team at North Ayrshire Council.
18/19 18-27	Misuse of Expired Blue Badge	Badge seized and misuse letter issued. BBIS updated.
18/19 18-38	Misuse of Blue Badge	Referred to North Ayrshire Council.
18/19 18-77	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-83	Misuse of Expired Blue Badge	Badge seized and misuse letter issued.
18/19 18-86	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-89	Misuse of Expired Blue Badge	Badge seized and misuse letter issued.
18/19 18-93	Misuse of Expired Blue Badge	Badge seized and misuse letter issued.
18/19 18-98	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-99	Misuse of Blue Badge	Badge seized and misuse letter issued.
18/19 18-100	Misuse of Expired Blue Badge	Badge seized and misuse letter issued.
18/19 18-102	Misuse of Blue Badge	Misuse letter issued.
18/19 18-118	Misuse of Blue Badge	Ongoing investigation.

5.0 CURRENT POSITION (CONTINUED)

5.14 NHSGGC - Internal Audit Progress Report Summary

Since the last Audit Committee meeting in March 2018, the following Internal Audit Reports have been issued to and agreed by NHSGGC Audit Committee which are relevant to the IJB Audit Committee:-

Audit Report	Opinion	Number/Category of Issues		
		High	Medium	Low
Key financial controls: payroll	Low	-	-	-
Clinical and care governance	Low	-	-	2
Public Health: screening programmes	Low	-	-	2
Information Governance	Low	-	1	2
Gifts and hospitality compliance(1)	Medium	-	3	1
Programme management	Low	-	-	1
Health and safety compliance (2)	Medium	-	3	-
Corporate risk management	Low	-	1	2
Achieving Financial Balance(3)	Medium	1	-	-
Financial Planning 2018/19 (4)	Medium	-	2	1
Total findings		**1**	**10**	**11**

5.15 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.

5.16 A summary of the Medium opinion reports is as follows:

(1) The Directorate for Health Finance of the Scottish Government instructed all Scottish Health Boards to consider a number of actions to provide assurance as to the extent and adequacy of controls that are in place for the notification and recording of gifts and hospitality. These were to commission an internal audit review of the processes for notification and recording of gifts and hospitality; to confirm that hospitality registers are up to date and conform to Standing Financial Instructions; to provide a reminder to staff that they must comply with these SFIs and ensure they are read and understood; and to invite Counter Fraud Services to present to key staff on provisions of the Bribery Act.

5.0 CURRENT POSITION (CONTINUED)

PwC's review covered the following areas: the guidance available in the Code of Conduct, additional guidance available to some staff groups (eHealth, Pharmacy, the Area Drugs and Therapeutic Committee and Procurement were considered), reporting and approval, maintenance of the register and governance arrangements.

They noted that there are areas where the current policies and procedures in relation to gifts and hospitality could be improved. The medium risk findings were:

There were aspects of both the staff and Board Members' Codes of Conduct which could be strengthened - no timescale is specified in either Code of Conduct for how quickly declarations should be made following receipt of gifts/hospitality and for Board Members, nor is there a requirement to declare declined gifts/hospitality, which is inconsistent with the staff Code of Conduct.

Some Board members who had joined the Board had not yet completed a declaration of interests; Board Members' interests should be disclosed per the Code of Conduct.

There was no procedure in place to ensure that items of gifts or hospitality are given approval timeously.

(2) This review considered the steps taken by management to progress a sample of actions to address points raised by the Health & Safety Executive (HSE) and also considered the processes across Acute, Partnerships and Property Procurement and Facilities Management (PPFM) for identifying and undertaking investigations into any incidents which must be reported to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR).

The three medium risk findings were:

- Only the Partnership's H&S team had a formally documented process for the identification, reporting and investigation of RIDDOR incidents and there is an inconsistent approach taken across the Board's three H&S teams for conducting investigations into RIDDOR incidents. As a result of the inconsistencies noted, the processes in place within Acute and PPFM are considered less robust than the process in place within Partnerships;
- From a sample of twenty-five incidents reported to RIDDOR, it was found that seven of these were not reported to HSE within the required timescales;
- There is no consistent process in place to monitor progress against identified recommendations resulting from RIDDOR investigations, to provide oversight that required lessons learned are being taken and on a timely basis.

(3) Whilst the overall rating of this report was medium, there was a high risk finding. In successfully achieving financial balance in the year, the Board relied heavily on the use of non-recurring support. The percentage of total savings achieved which were on a non-recurring basis was approximately 70% in 2017-18, compared with around 40% in 2015-16. While non-recurring savings will always form part of a Board's savings, the lack of enduring savings increases future financial challenges and poses a risk to the NHS Board's financial sustainability. PwC noted that it was critical that the NHS Board puts in place a transformation plan that will deliver recurring savings and provide financial sustainability for the future. Measures recently put in place, such as the Financial Improvement Programme, should clearly and regularly communicate to the Finance and Planning Committee and the Board on the progress made to reduce the Board's recurring deficit.

5.0 CURRENT POSITION (CONTINUED)

(4) The scope of this review focused on the planning process and key assumptions that underpin the Board's 2018/19 financial position. The process was to establish the Board's net cash efficiency challenge for 2018/19 and no service redesign or transformation assumptions were applied.

The review concluded that overall, the planning process has been undertaken with an objective of transparency and there is clarity over the key assumptions underpinning the 2018/19 cash efficiency challenge. Addressing the two medium risk findings identified would also further strengthen the transparency of the financial planning process. The findings were:

- In the Board's key financial plan assumptions, the level of certainty that can exist for each assumption varies. This is a normal feature of the planning process, however given the extent of the financial challenge it is important that these areas of risk in the plan are clearly understood by the Board and are subject to regular monitoring.
- The Board's planning arrangements are intended to set out the total saving challenge to be addressed. In most cases the presentation of information is shown on a gross basis before any saving plans are applied. However, PwC noted that for primary care, prescribing cost pressure is presented net of planned saving schemes.

5.17 Internal Audit undertakes 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 NHSGCC Audit Committee with any matters of concern being drawn to the attention of this Committee.

5.18 As part of the Internal Audit Annual report to the IJB Audit Committee, annual reports rated *Unsatisfactory* or *Major Improvement Required* will be considered for inclusion within the IJB's annual governance statement as appropriate.

5.19 The Annual Internal Audit Report outlined the internal audit work PwC carried out for the year ended 31 March 2018 and stated that the Head of Internal Audit was required to provide a written report to the Accountable Officer to inform the NHS Board's Governance Statement. The internal audit work carried out during the year was based on the internal audit annual plan for the year which had been approved by the Audit Committee.

The Head of Internal Audit Opinion was of the same opinion as had been given in the previous year:

"Generally satisfactory with some improvements required. Governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some areas of weakness and non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk. Some improvements are required in those areas to enhance the adequacy and effectiveness of the framework of governance risk management and control."

Although there were no audit reports rated *Unsatisfactory* or *Major Improvement Required* it was considered that the three audit findings identified during 2017-18 rated as high risk should be reported in the NHS Board's Governance Statement. These were in respect of Waiting Times Management, Achieving Financial Balance and Mental Health: Crisis Management.

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.

Appendix 1

INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON STATUS OF INTERNAL AUDIT ACTION PLAN POINTS AT 31 JULY 2018

Summary:

Section 1 **Summary of Management Actions due for completion by 31/07/18**

There were 4 items due for completion by July 2018, of which 2 items has been reported as completed and action dates in relation to 2 items have been revised.

Section 2 **Summary of Current Management Actions Plans at 31/07/18**

At 31 July 2018 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 **Current Management Actions at 31/07/18**

At 31 July 2018 there were 9 current audit action points.

Section 4 **Analysis of Missed Deadlines**

At 31 July 2018 there were 4 audit action points where the agreed deadline had been missed.

Section 5 **Summary of Audit Action Points By Audit Year**

INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS

SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 31.07.18

SECTION 1

No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*	No action proposed
4	2	2		

* These actions are included in the Analysis of Missed Deadlines – Section 4

INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS

SUMMARY OF CURRENT MANAGEMENT ACTIONS AS AT 31.07.18

SECTION 2

Current Actions	
Due for completion August 2018	1
Due for completion September 2018	4
Due for completion December 2018	2
Due for completion March 2019	2
Total current actions:	**9**

INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS

CURRENT MANAGEMENT ACTIONS AS AT 31.07.18

SECTION 3

Action	Owner	Expected Date
Review of Governance Arrangements (February 2017)		
Managing IJB members individual training needs in governance matters (Green) The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will; • develop adequate and proportionate personal development plans for IJB members which reflect their training needs in governance matters, including refresher training; and • review the online accessibility of all relevant IJB governance documents.	**Chief Officer**	**30.09.18***
Managing reviews and updates of the Integration Joint Board's (IJB) governance documents (Green) The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will organise a formal two year rolling timetable to review and update all relevant IJB governance documents.	**Chief Officer**	**30.09.18***
Strategic Planning and Performance Management Arrangements (January 2018)		
Embedding risk management arrangements within the Inverclyde IJB's strategic planning process (Amber) The Inverclyde IJB Chief Officer will direct all relevant officers to: • embed risk management within the Inverclyde IJB strategic planning process. In particular this exercise will include preparing and regularly updating a risk register for both the current and subsequent strategic plan. The action plans flowing from the risk registers will concentrate on addressing critical risks which are at least to some extent controllable; and • examine how best to better utilise the knowledge and experience of Strategic Planning Group (SPG) participants when applying risk management to the Inverclyde IJB strategic planning process.	**Head of Strategy & Support Services**	**31.03.19***

INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS

CURRENT MANAGEMENT ACTIONS AS AT 31.07.18

SECTION 3

Action	Owner	Expected Date
Strategic Planning and Performance Management Arrangements (January 2018)		
Annual review of the IJB's three year strategic plan and managing changes which impact on delivering outcomes (Amber) The Head of Strategy & Support Services will: • ensure that the IJB's strategic plan is reviewed each year and during that exercise specify an appropriate role for the Strategic Planning Group and • develop a more formal approach to fully examining the impact of internal and external changes which could impact on successfully implementing the strategic plan. That approach will be directly linked to the arrangements for reviewing the strategic plan each year.	**Head of Strategy & Support Services**	**30.09.18**
The Head of Strategy & Support Services will also: • increase the role of the Strategic Planning Group in monitoring implementation of the strategic plan; and • develop the Strategic Planning Group's role in monitoring the process for measuring delivery of outcomes within the strategic plan in order that the Strategic Planning Group can be satisfied those arrangements are supported by robust evidence.	**Head of Strategy & Support Services**	**31.12.18**
Ensuring compliance with legal requirements regarding the Strategic Planning Group (Green) The Head of Strategy & Support Services will, in consultation with the IJB Standards Officer, develop an approach to actively manage all outstanding compliance issues regarding the operation of the Strategic Planning Group.	**Head of Strategy & Support Services**	**30.09.18***

INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS

CURRENT MANAGEMENT ACTIONS AS AT 31.07.18

SECTION 3

Action	Owner	Expected Date
Workforce Planning (May 2018)		
Managing the People Plan (Amber) Management will require the People Plan Core Group to: • specify its priorities using a quarterly rolling work-plan. The Strategic Planning Group will be asked to approve these work-plans; • apply an appropriate risk management approach to the People Plan Action Plan; and • regularly report on action plan implementation.	**Team Leader (Quality and Learning)**	**31.08.18**
Managing the People Plan within the overall planning landscape (Green) Management will: • ensure that the People Plan Core Group and Strategic Planning Group adequately considers the impact each core plan has on the delivery of other plans, especially the People Plan and Financial Plan. In particular, these two groups will consider how adequately the People Plan Action Plan has allowed for financial matters and constrained resources; and	**Head of Strategy & Support Services**	**31.12.18**
• seek agreement with relevant Council officers in order that reliance can be placed upon the HSCP's partnership approach to workforce planning.	**Head of Strategy & Support Services**	**31.03.19**

INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
Review of Governance Arrangements (February 2017)	**Managing IJB members individual training needs in governance matters (Green)** The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will develop adequate and proportionate personal development plans for IJB members which reflect their training needs in governance matters, including refresher training.	**28.02.18**	**30.09.18**	Induction training has been carried out for new members. A programme for training in governance matters will be agreed. The Standards Commission is providing Code of Conduct training to IJB Members on 24 September 2018.
Review of Governance Arrangements (February 2017)	**Managing reviews and updates of the Integration Joint Board's (IJB) governance documents (Green)** The IJB Chief Officer, in conjunction with the IJB Chief Financial Officer and IJB Standards Officer, will organise a formal two year rolling timetable to review and update all relevant IJB governance documents.	**28.02.18**	**30.09.18**	A framework document is being developed which will detail all governance documents together with the current approval date, next review date and responsible officer.

INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
Strategic Planning and Performance Management Arrangements (January 2018)	**Embedding risk management arrangements within the Inverclyde IJB's strategic planning process (Amber)** The Inverclyde IJB Chief Officer will direct all relevant officers to: • embed risk management within the Inverclyde IJB strategic planning process. In particular this exercise will include preparing and regularly updating a risk register for both the current and subsequent strategic plan. The action plans flowing from the risk registers will concentrate on addressing critical risks which are at least to some extent controllable; and • examine how best to better utilise the knowledge and experience of Strategic Planning Group (SPG) participants when applying risk management to the Inverclyde IJB strategic planning process.	**30.06.18**	**31.03.19**	Work has been undertaken regarding risk management in terms of preparing the next strategic plan. In a report to the Integration Joint Board on 18 June, a timetable has been agreed for the key stages to develop the 2019-2022 Strategic Plan. It is anticipated that the 1st draft of the plan will be produced by December 2018 with public consultation and finalisation of the plan thereafter.
Strategic Planning and Performance Management Arrangements (January 2018)	**Ensuring compliance with legal requirements regarding the Strategic Planning Group (Green)** The Head of Strategy & Support Services will, in consultation with the IJB Standards Officer, develop an approach to actively manage all outstanding compliance issues regarding the operation of the Strategic Planning Group.	**30.06.18**	**30.09.18**	A report will be presented to the IJB confirming Membership of the Strategic Planning Group.

INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS

SUMMARY OF ACTION PLAN POINTS BY AUDIT YEAR

SECTION 5

The following table sets out the total number of agreed actions raised by audit year together with their completion status as at 31 July 2018.

Audit Year	Total Agreed Actions	Total Actions Completed	Total Current Actions Not Yet Due*		
			Red	Amber	Green
2016/2017	3	1	0	0	2
2017/2018	8	1	0	4	3
Total	**11**	**2**	**0**	**4**	**5**

* This part of the table sets out the total number of current actions not yet due at the date of the follow up report.

AGENDA ITEM NO: 5

Report To:	**Inverclyde Integration Joint Board Audit Committee**	**Date**:	**11 September 2018**
Report By:	**Louise Long Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership**	**Report No:**	**IJBA/06/2018/AP**
Contact Officer:	**Andi Priestman**	**Contact No**:	**01475 712251**
Subject:	**INTERNAL AUDIT ANNUAL REPORT AND ASSURANCE STATEMENT 2017/2018**		

1.0 PURPOSE

1.1 The purpose of this report is to present the Internal Audit Annual Report and Assurance Statement for 2017/2018 which forms part of the Integration Joint Board's Annual Governance Statement.

2.0 SUMMARY

2.1 The Internal Audit Annual Report 2017/2018 is attached as an Appendix to this report for consideration by the Committee. The report concludes that the majority of the IJB's established internal control procedures operated as intended to meet management's control requirements for each area reviewed by Internal Audit. The overall audit opinion is **Satisfactory**. Appendix 1

2.2 A follow up process has been established during 2017/2018 to monitor management's progress in implementing agreed action plans arising from Internal Audit reviews.

3.0 RECOMMENDATION

3.1 It is recommended that the Audit Committee reviews and considers the Internal Audit Annual Report and Assurance Statement.

Louise Long
Chief Officer
Inverclyde Health & Social Care Partnership

4.0 BACKGROUND

4.1 Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor provides a written statement to the Section 95 Officer to support the Annual Governance Statement. This report should present an opinion as to the overall adequacy and effectiveness of the organisation's internal control environment.

4.2 The report should also:

- Disclose any qualifications to that opinion, together with reasons for the qualification;
- Present a summary of the audit work undertaken to formulate the opinion including reliance placed on the work by other assurance bodies;
- Draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the statement on internal control; and
- Compare the work undertaken with work planned.

4.3 The Accounting Code of Practice ("ACOP") requires that the Section 95 Officer produces a signed Annual Governance Statement as part of the Council's Annual Report. This report is subject to External Audit scrutiny as part of the year-end audit process.

5.0 CURRENT POSITION

5.1 The Internal Audit Annual Report 2017/2018 is attached as an Appendix to this report for consideration by the Committee. The report concludes that the majority of the IJB's established internal control procedures operated as intended to meet management's control requirements for each area reviewed by Internal Audit.

5.2 A follow up process has been established during 2017/2018 to monitor management's progress in implementing agreed action plans arising from Internal Audit reviews.

6.0 IMPLICATIONS

6.1 There are no direct financial implications arising from this report.

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 Not applicable. This report summarises the work carried out during 2017-2018 which has been included in separate progress reports to Audit Committee.

8.0 LIST OF BACKGROUND PAPERS

8.1 Internal Audit Progress Report to the Audit Committee in January and March 2018.

APPENDIX 1

INVERCLYDE HSCP
Health and Social Care Partnership

Internal Audit Annual Report and Assurance Statement 2017/2018

14 June 2018

CONTENTS **Page**

SECTION 1 – INTRODUCTION

Purpose of this report

1.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor provides a written statement to the s95 Officer timed to support the Annual Governance Statement. This report constitutes the required statement. As required by PSIAS, this report presents the opinion of the overall adequacy and effectiveness of Inverclyde Integration Joint Board (IJB)'s risk management, control and governance processes, based on the work Internal Audit has performed. The scope of internal audit work, the responsibilities of Internal Audit, and the assurance given on the adequacy and effectiveness of the Internal Control System of the IJB are explained further in Section 4 of this report.

Main objectives of the IJB's Internal Audit Team

1.2 Internal Audit is an assurance function that primarily provides an independent, objective opinion to the Board on the control environment. The overall objective of Internal Audit is to review, appraise and report on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources. A secondary objective is to advise management on improvements in internal control systems.

Scope of the IJB's Internal Audit Team

1.3 The scope of Internal Audit allows for unrestricted coverage of the IJB's activities and unrestricted access to records and assets deemed necessary by auditors in the course of an audit.

Acknowledgements

1.4 The assistance provided by IJB officers in the course of the work undertaken by Internal Audit during 2017/2018 is gratefully acknowledged.

SECTION 2 – ASSESSMENT OF RISK MANAGEMENT, CONTROLS AND GOVERNANCE

Scope

2.1 The work undertaken by Internal Audit in 2017/2018 is summarised in Section 3 of this Report.

2.2 The overall assessment arising from work undertaken is summarised in paragraphs 2.3 to 2.4 below. In interpreting this assessment, consideration needs to be given to the respective responsibilities of Management and Internal Audit and the related limitations on the assurance that Internal Audit can provide (as explained in Section 4).

Overall assessment

On the basis of Internal Audit work carried out in 2017/2018, the majority of the IJB's established internal control procedures appeared to operate as intended to meet Management's requirements for the individual systems reviewed by Internal Audit. On the basis of selective testing of key controls it can be concluded that, in the main, controls were generally operating as expected during the period under review, although it does need to be recognised that some recommendations were made by Internal Audit to improve controls. The overall opinion is **Satisfactory**.

Other matters

2.3 Summaries of the issues arising in relation to each system or activity covered by Internal Audit work in 2017/2018 have been reported separately to the Audit Committee. Appropriate responses to the recommendations made in internal audit reports have been obtained. When actioned, the recommendations made in the Internal Audit reports should provide management with additional comfort that the system of control operates as intended. It is therefore imperative that the agreed actions are implemented by management.

2.4 A follow up process is in place which ensures that all actions arising from internal and external audit reviews are captured within a follow up database, and are subject to follow up and validation by the Chief Internal Auditor on a regular basis, with reporting on progress to the Audit Committee.

SECTION 3 – INTERNAL AUDIT WORK CONDUCTED

Internal audit approach

3.1 The internal audit work has been conducted in accordance with an established methodology that promotes quality and conformance with the Public Sector Internal Audit Standards and the agreed Internal Audit annual audit plan.

Progress on the 2017/2018 internal audit plan

3.2 The Annual Internal Audit Operational Plan 2017/2018 was discussed and agreed with the Audit Committee on 12 September 2017.

3.3 Progress against planned audit work for the year to 31 March 2018 can be summarised as follows:-

Audit Area	Indicative Scope	Status
Strategic Planning and Performance Management Arrangements	The Inverclyde IJB Strategic Plan 2016-2019 was approved in March 2016. Internal Audit will review the adequacy and effectiveness of arrangements in place to review, monitor and update the Inverclyde IJB Strategic Plan.	Complete
Workforce Planning	The Inverclyde HSCP People Plan 2017-2020 was approved in June 2017. Internal Audit will review the adequacy and effectiveness of arrangements in place to review, monitor and update the Inverclyde HSCP People Plan.	Complete
Action Plan Follow Up	To monitor the progress of implementation of agreed internal audit action plans by management.	Ongoing
Audit Planning and Management	Review and update of the audit universe and attendance at IJB Audit Committee.	Complete
Internal Audit Annual Report	Annual report on 2017-2018 audit activity.	Complete

3.4 The total number of issues raised is set out in the following table:

Report	Red	Amber	Green	Overall Grading
Strategic Planning and Performance Management Arrangements	0	2	2	Satisfactory
Workforce Planning	0	1	1	Satisfactory
Total	**0**	**3**	**3**	

Progress on Implementation of Action Plans

3.5 Action plans were agreed in relation to the reports generated for the 2017/2018 annual audit plan. The following table sets out the number of actions agreed for each report issued and the status of completion at 31 May 2018 as follows:

Report	No of Actions Agreed	No of Actions Complete at 31/5/18	No of Actions Revised at 31/5/18	No of Actions Not Due at 31/5/18
Strategic Planning and Performance Management Arrangements	5	0	0	5
Workforce Planning	3	0	0	3
Total	**8**	**0**	**0**	**8**

3.6 All actions are subject to ongoing follow up by Internal Audit and are included, where appropriate, within the Internal Audit action plan follow up reports to the Audit Committee on a regular basis.

Reliance from other assurance providers

3.7 During 2017/2018, the following Internal Audit Reports have been issued to Inverclyde Council, which are relevant to the IJB:-

Audit Report	Opinion	Number/Category of Issues		
		Red	Amber	Green
SWIFT Financials – Project Assurance Review	Satisfactory	0	0	6
Quick Quotes	Satisfactory	0	4	6
HSCP Commissioning	Satisfactory	0	2	1

3.8 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.

3.9 In addition, corporate fraud investigations have been undertaken as follows:-

Year/Ref	Enquiry	Status
17/18 17-11	Misuse of Blue Badge	Closed – No misuse established.
17/18 17-13	Misuse of Blue Badge	Closed – misuse established. BB seized and misuse letter issued.
17/18 17-14	Misuse of Blue Badge	Closed – misuse established. Expired BB seized and misuse letter issued.
17/18 17-20	Misuse of Blue Badge	Closed – misuse established. BB seized and misuse letter issued.
17/18 17-22	Misuse of Blue Badge	Closed – misuse established. BB seized and misuse letter issued.
17/18 17-24	Discrepancy with Corporate Appointee Account	Closed – no fraud detected but control improvements identified and recommendations agreed.
17/18 17-58	Misuse of Blue Badge	Misuse established – reported through BBIS system.
17/18 17-72	Misuse of Corporate Purchase Card	Closed – no fraud detected but control improvements identified and recommendations agreed.
17/18 17/87	Expired Blue Badge	Closed – misuse established. BB seized and misuse letter issued.
17/18 17-93	Misuse of Expired Blue Badge	Closed - misuse established and badge seized. Letter issued to badge holder.
17/18 17-94	Misuse of Expired Blue Badge	Closed – misuse established and badge seized. Letter issued to badge holder.
17/18 17-102	Misuse of Expired Blue Badge	Closed – misuse established and database updated.
17/18 17-107	Misuse of Expired Blue Badge	Closed – misuse established and badge seized.

3.10 The overall audit opinion reported in the Inverclyde Council Internal Audit Annual Audit report was as follows:-

On the basis of Internal Audit work carried out in 2017/2018, the majority of Inverclyde Council's established internal control procedures appeared to operate as intended to meet Management's requirements for the individual systems reviewed by Internal Audit. On the basis of selective testing of key controls it can be concluded that, in the main, controls were generally operating as expected during the period under review, although it does need to be recognised that a number of recommendations were made by Internal Audit to improve controls. The overall opinion is ***Generally Satisfactory with some improvements needed.***

There were no significant issues that were highlighted for inclusion in the Council's Annual Governance Statement.

3.11 During 2017/2018, the following Internal Audit Reports have been issued to NHSGGC which are relevant to the IJB:-

Audit	Overall Report Grade	No/Category of Issue		
		High	Medium	Low
Property transaction monitoring	N/A	-	-	-
Waiting times management	High Risk	1	3	1
Mental Health: Crisis Management	High Risk	1	2	1
Delayed discharge	Medium Risk	-	4	-
Premium Rate Agency Use	Medium Risk	-	2	1
Key financial controls: Accounts Payable	Low Risk	-	-	-
Key financial controls: Fixed Assets	Low Risk	-	-	3
Key Financial Controls: Payroll	Low Risk	-	-	-
Clinical and Care Governance	Low Risk	-	-	2
Information Governance – Information Asset Register	Low Risk	-	2	1
Public Health Screening Programme	Low Risk	-	-	2
Gifts and Hospitality Compliance	Medium Risk	-	3	1
Programme Management – Moving Forward Together	Low Risk	-	-	-
Health and Safety Compliance	Medium Risk	-	3	1
Corporate Risk Management	Low Risk	-	1	2
Achieving Financial Balance	High Risk	1	-	-
Financial Planning 2018/2019	Medium Risk	-	2	1
	Total Findings	3	22	16

3.12 Internal Audit 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 then reported to the Audit Committee with any matters of concern being drawn to the attention of this Committee.

3.13 The overall audit opinion reported in the NHSGGC Internal Audit Annual Audit report was as follows:-

Generally satisfactory with some improvements required *– Governance, risk management and control in relation to business critical areas are generally satisfactory. However there are some areas of weakness and non-compliance in the framework of governance, risk management and control which potentially put the achievement of objectives at risk.*

3. **Progress on the 2017/2018 internal audit plan (Continued)**

Three isolated high risk recommendations were identified through internal audit's work which were highlighted for consideration for inclusion in the NHSGGC Annual Governance Statement but none of the individual assignment reports had an overall classification of critical risk.

Reliance by external audit

3.14 During the year under review, liaison has taken place with the IJB's External Auditors through joint attendance at the Audit Committee, meetings, ad hoc discussions and the sharing of audit plans and reports. External audit considers the work of Internal Audit throughout the year to inform their audit process.

SECTION 4 – SCOPE, RESPONSIBILITIES AND ASSURANCE

Approach

4.1 The internal audit work has been conducted in accordance with an established methodology that promotes quality and conformance with the Public Sector Internal Audit Standards and the agreed annual audit plans. The overall scope of the internal audit work encompasses the IJB's risk management practices, governance practices and internal controls.

4.2 The Annual Audit Plan is based on a formal risk assessment which is revised on an ongoing basis to reflect evolving risks and changes within the IJB. The Internal Audit Annual Audit Plan 2017/2018 was discussed and agreed at the Audit Committee on 12 September 2017. In addition, consultation on the content and coverage of the audit plan took place with the Chief Officer and the Chief Financial Officer.

Responsibility and reporting lines of the Chief Internal Auditor

4.3 The Chief Internal Auditor reports functionally to the IJB Audit Committee and has a right of access and freedom to report in her own name to all officers and members and particularly those charged with governance. The adoption of these arrangements enables the IJB to conform with the reporting line requirements of the International Standard on Auditing ("ISA") (UK and Ireland) 610 and the Public Sector Internal Audit Standards which were adopted by Local Government in the United Kingdom on 1 April 2013.

4.4 The Chief Internal Auditor also has a specific responsibility to the IJB's s95 Officer to provide assurances which informs the preparation of the Annual Governance Statement for inclusion in the IJB's Annual Report and Accounts.

The work of Internal Audit

4.5 Internal Audit is an independent appraisal function established by the IJB for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

4.6 In accordance with the principles of Corporate Governance, the Chief Internal Auditor reports with independence and impartiality to the IJB's Audit Committee on a regular basis. The Chief Internal Auditor prepares an annual report containing a view on the adequacy and effectiveness of the systems of internal controls.

4.7 The Internal Audit team operates in accordance with an established methodology that promotes quality and conformance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme of work approved by the IJB's Audit Committee. The Annual Audit Plan is based on a formal risk assessment, which is revised on an ongoing basis to reflect emerging risks and changes within the IJB. The Internal Audit Annual Audit Plan for 2017/2018 was discussed and agreed at the Audit Committee on 12 September 2017.

4.8 All Internal Audit reports identifying system improvements or non-compliance with expected controls are brought to the attention of management and include recommendations for improvement and agreed Action Plans. It is management's responsibility to give proper consideration to Internal Audit reports and take appropriate action on audit recommendations. The Chief Internal Auditor is required to confirm that appropriate arrangements are made to determine whether action has been taken on Internal Audit recommendations or that management has understood and accepted the risks of not taking action. Management progress on implementing significant actions, which have been categorised as Red or Amber, is reported to the IJB's Audit Committee at each committee cycle.

Responsibilities of Management and Internal Audit

4.9 It is Management's responsibility to maintain systems of risk management, internal control and governance.

4.10 Internal Audit is an element of the internal control framework established by management to examine, evaluate and report on accounting and other controls over operations. Internal Audit assists management in the effective discharge of its responsibilities and functions by examining and evaluating controls. Internal Audit cannot be held responsible for internal control failures.

4.11 Internal Audit's role includes assessing the adequacy of the risk management, internal controls and governance arrangements put in place by management and performing testing on a sample of transactions to ensure those controls were operating for the period under review.

Basis of the internal audit assessment

4.12 In accordance with Guidance supporting the Public Sector Internal Audit Standards, the assessment on risk management, control and governance is based upon:-

- Internal Audit work undertaken by the Internal Audit Team during the year to 31 March 2018 (in accordance with the annual audit plan approved by the Audit Committee);
- The assessments of risk completed during the preparation and updating of the annual audit plan;
- Reports issued by Internal Auditors for Inverclyde Council and the NHSGGC;
- Reports issued by Audit Scotland, the IJB's External Auditors; and
- Internal Audit's knowledge of the IJB's governance, risk management and performance monitoring arrangements.

Limitations on the assurance that Internal Audit can provide

4.13 It should be noted that the assurance expressed within this report can never be absolute. It is not a guarantee that all aspects of risk management, control and governance are adequate. The most that internal audit can provide to the s95 Officer and Audit Committee is reasonable assurance based on the work performed.

4.14 There are inherent limitations as to what can be achieved by internal control and consequently limitations to the conclusions that can be drawn from this engagement. These limitations include the possibility of faulty judgment in decision making, of breakdowns because of human error, of control activities being circumvented by the collusion of two or more people and of management overriding controls. Also there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in future.

4.15 Organisations and their internal control needs differ by type, size, culture and management philosophy. One organisation's internal control system may be very different from another's in relation to similar processes. Also, decisions made in designing internal controls inevitably involve the acceptance of some degree of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance any assessment of internal control is judgmental.

Opinion Types **Appendix 1**

Satisfactory	Controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met. • A limited number of Amber rated issues may have been identified, but generally only green issues have been found in individual audit assignments. • None of the individual assignment reports have an overall opinion of ***Requires Improvement or Unsatisfactory***.
Generally Satisfactory with some improvement needed	A few specific control weaknesses were noted: generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met. • A number of Amber rated issues identified in individual audit assignments that collectively do not significantly impact the system of internal control. • Red rated issues that are isolated to specific systems or processes. • None of the individual assignment reports have an overall opinion of ***Unsatisfactory***.
Major improvement needed	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met. • A high number of Amber rated issues that collectively have a significant impact on some parts of the system of internal control but are not widespread. • A number of Red rated issues that collectively have a significant impact on some parts of the system of internal control but are not widespread. • A small number of individual assignment reports have an overall opinion of ***Requires Improvement or Unsatisfactory***.
Unsatisfactory	Controls evaluated are not adequate, appropriate or effective to provide reasonable assurance that risks are being managed and objectives should be met. • Amber and Red rated issues identified in individual assignments that collectively are widespread to the system of internal control. • A high number of individual assignment reports have an overall opinion of ***Requires Improvement or Unsatisfactory***.

AGENDA ITEM NO: 6

Report To:	**Inverclyde Integration Joint Board Audit Committee**	**Date**:	**11 September 2018**
Report By:	**Louise Long Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership**	**Report No:**	**IJBA/07/2018/AP**
Contact Officer:	**Andi Priestman**	**Contact No**:	**01475 712251**
Subject:	**INTERNAL AUDIT - ANNUAL PLAN 2018-2019**		

1.0 PURPOSE

1.1 The purpose of this report is to present the Internal Audit Annual Strategy and Plan for 2018-2019 for approval.

2.0 SUMMARY

2.1 The Public Sector Internal Audit Standards include the requirement for the Chief Internal Auditor to prepare a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.

2.2 The Chief Internal Auditor will prepare an annual internal audit plan which will be subject to consideration and approval by the IJB Audit Committee.

2.3 Internal Audit follows a risk-based approach and it is intended that audit work will be focused on areas of greater risk taking into account management's own view of risk, previous audit findings and any other internal or external factors affecting the Inverclyde Integration Joint Board.

2.4 The proposed Internal Audit Annual Strategy and Plan for 2018-2019 is set out at Appendix 1.

2.5 The total budget for the Internal Audit Annual Plan for 2018-2019 has been set at 50 days. The Plan does not contain any contingency provision. Where there are any unforeseen work demands that arise eg special investigations or provision of ad hoc advice, this will require to be commissioned as an additional piece of work which will be subject to a separate agreement.

2.6 The Public Sector Internal Audit Standards require that the annual audit plan should be kept under review to reflect any changing priorities and emerging risks. Any material changes to the audit plan will be presented to the IJB Audit Committee for approval.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Inverclyde IJB Audit Committee approves the Internal Audit Annual Plan for 2018-2019.

Louise Long
Chief Officer
Inverclyde Health & Social Care Partnership

4.0 BACKGROUND

4.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising governance, risk management and control by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

4.2 As stated in the IRAG (Integrated Resources Advisory Group) Guidance, it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources.

4.3 The Public Sector Internal Audit Standards include the requirement for the Chief Internal Auditor to prepare a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.

4.4 The Chief Internal Auditor will prepare an annual internal audit plan which will be subject to consideration and approval by the IJB Audit Committee.

5.0 CURRENT POSITION

5.1 Internal Audit follows a risk-based approach and it is intended that audit work will be focused on areas of greater risk taking into account management's own view of risk, previous audit findings and any other internal or external factors affecting the Inverclyde Integration Joint Board.

5.2 The proposed Internal Audit Annual Strategy and Plan for 2018-2019 are set out at Appendix 1.

5.3 The total budget for the Internal Audit Annual Plan for 2018-2019 has been set at 50 days. The Plan does not contain any contingency provision. Where there are any unforeseen work demands that arise eg special investigations or provision of ad hoc advice, this will require to be commissioned as an additional piece of work which will be subject to a separate agreement.

5.4 The Public Sector Internal Audit Standards require that the annual audit plan should be kept under review to reflect any changing priorities and emerging risks. Any material changes to the audit plan will be presented to the IJB Audit Committee for approval.

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 Discussions have taken place with the Inverclyde IJB's Chief Officer and Chief Financial Officer in relation to the proposed annual audit plan coverage for 2018-2019.

7.2 There will be regular ongoing discussion with External Audit to ensure respective audit plans are reviewed as circumstances change in order to minimise duplication of effort and maximise audit coverage for the Inverclyde IJB.

8.0 LIST OF BACKGROUND PAPERS

8.1 None.

Appendix 1

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2018-2019

1. Introduction

1.1 The Public Sector Internal Audit Standards (PSIAS) set out the requirement for the Chief Internal Auditor to prepare a risk-based audit plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.

1.2 The Chief Internal Auditor must review and adjust the plan as necessary in response to changes in the organisation's business, risks, operations and priorities.

1.3 The audit plan must incorporate or be linked to a strategic or high-level statement of how the Internal Audit Service will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisational objectives and priorities.

1.4 The strategy shall be reviewed on an annual basis as part of the audit planning process.

2. Internal Audit Objectives

2.1 The definition of internal auditing is contained within the PSIAS as follows:

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."

2.2 The primary aim of the internal audit service is to provide assurance services which requires the Chief Internal Auditor to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

2.3 The internal audit service also provides advisory services, generally at the request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion.

2.4 The internal audit service supports the Inverclyde IJB's Chief Financial Officer in her role as Section 95 Officer.

3. Risk Assessment and Audit Planning

3.1 The internal audit approach to annual audit planning is risk-based and aligns with the IJB's Corporate Risk Register.

3.2 There will be regular ongoing discussion with External Audit to ensure respective audit plans are reviewed as circumstances change in order to minimise duplication of effort and maximise audit coverage for the Inverclyde IJB.

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2018-2019

4 Service Delivery

4.1 The provision of the internal audit service is through a directly employed in-house team.

4.2 In relation to the total staff days allocated to the 2018-2019 plan, each member of staff completes a resource allocation spreadsheet for the year which is split between annual leave, public holidays, training days, general administration and operational plan days. This spreadsheet is reviewed and updated each period by each member of staff against time charged to timesheets.

The operational plan is 50 days which will be resourced as follows:

Team Member

Audit Practitioner – 50

The Chief Internal Auditor does not directly carry out the assignments included in the annual audit plan but provides the quality review and delivery oversight of the overall plan. As such, no direct time is included within the plan. Where there are any resource issues which may impact on delivery of the plan, this will be reported to Audit Committee at the earliest opportunity.

4.3 Given the range and complexity of areas to be reviewed it is important that suitable, qualified, experienced and trained individuals are appointed to internal audit positions. The PSIAS requires that the Chief Internal Auditor must hold a professional qualification such as CMIIA (Chartered Internal Auditor), CCAB or equivalent and be suitably experienced. The internal auditor posts must also be CMIIA/CCAB or equivalent with previous audit experience.

4.4 Internal audit staff members identify training needs as part of an appraisal process and are encouraged to undertake appropriate training, including in-house courses and external seminars as relevant to support their development. All training undertaken is recorded in a personal training records for CPD purposes.

4.5 Internal audit staff members require to conform to the Code of Ethics of the professional body of which they are members and to the Code of Ethics included within the PSIAS. An annual declaration is undertaken by staff in relation to specific aspects of the Code.

4.6 Following each review, audit reports are issued in draft format to agree the accuracy of findings and agree risk mitigations. Copies of final audit reports are issued to the Chief Officer, HSCP Head of Service and HSCP Service Manager responsible for implementing the agreed action plan. A copy of each final audit report is also provided to External Audit.

4.7 The overall opinion of each audit report feeds into the Internal Audit Annual Report and Assurance Statement which is presented to the Audit Committee and is used by the Chief Financial Officer in the preparation of the Annual Governance Statement.

Appendix 1

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2018-2019

5 Proposed Audit Coverage 2018-2019

5.1 The proposed audit coverage is set out in the table below.

Audit Area	Planned Activity	Risk Register Reference
Financial Planning	The Inverclyde IJB Financial Plan 2018-2021 was approved in March 2018. Internal Audit will review the adequacy and effectiveness of arrangements in place to monitor the implementation of the Inverclyde IJB Financial Plan 2018-2021.	IJB Risk 4 – **Financial Sustainability/Constraints/Resource Allocation (January 2018)** *Risk due to increased demand for services, potentially not aligning budget to priorities, or anticipated future budget cuts to our funding partners which means that the level of funding provided by the funding partners to the IJB becomes insufficient to meet national and local outcomes and to deliver Strategic Plan Objectives.*
IJB Directions	The Inverclyde IJB issued directions to Inverclyde Council and Greater Glasgow & Clyde NHS Board (the Health Board) in respect of the delivery of the functions delegated to the IJB under the Public Bodies (Joint Working) (Scotland) Act 2014. Internal Audit will review the adequacy and effectiveness of arrangements in place to monitor the implementation of IJB Directions.	N/A
Action Plan Follow Up	To monitor the progress of implementation of agreed internal audit action plans by management.	N/A
Audit Planning and Management	Review and update of the audit universe and attendance at IJB Audit Committee.	N/A
Internal Audit Annual Report	Annual report on 2018-2019 audit activity.	N/A
Total Staff Days		**50**

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2018-2019

6 Quality and Performance

6.1 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment.

6.2 In addition, the performance of Internal Audit continues to be measured against key service targets focussing on quality, efficiency and effectiveness. For 2018-2019 these have been set as follows:

Measure	Description	Target
1. Final Report	Percentage of final reports issued within 2 weeks of draft report.	100%
2. Draft Report	Percentage of draft reports issued within 3 weeks of completion of fieldwork.	90%
3. Audit Plan Delivery	Percentage of audits completed v planned.	85%
4. Audit Budget	Percentage of audits completed within budgeted days.	80%
5. Audit Recommendations	Percentage of audit recommendations agreed.	90%
6. Action Plan Follow Up	Percentage of action plans followed up – Internal and External Audit.	100%
7. Customer Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above.	100%
8. Staff compliance with CPD	Number of training hours undertaken to support CPD	140
9. Management engagement	Number of meetings with Chief Officer and Chief Financial Officer as appropriate	2 per year

6.3 Actual performance against targets will be included in the Internal Audit Annual Assurance Report for 2018-2019.

AGENDA ITEM NO: 7

Report To:	**Inverclyde Integration Joint Board Audit Committee**	**Date: 11 September 2018**
Report By:	**Louise Long Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership**	**Report No: IJBA/08/2018/LA**
Contact Officer:	**Lesley Aird**	**Contact No: 01475 715381**
Subject:	**IJB RISK MANAGEMENT UPDATE**	

1.0 PURPOSE

1.1 The purpose of this report is to provide an update to the Audit Committee on the status of the IJB Strategic Risk Register.

2.0 SUMMARY

2.1 The Risk Registers will be fully reviewed at least twice a year by the Inverclyde HSCP Senior Management Team with any recommended changes taken to this Committee for approval.

2.2 The IJB risk register was initially developed by the Board at a development session a few months after the IJB went live in 2016. It is proposed that this exercise is revisited again to refresh the risk register to reflect the current position of the IJB.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee:

1. Reviews the content of this report;
2. Notes any High/Red Risks contained on other HSCP Risk Registers;
3. Agrees that a development session be arranged for the IJB to review the current risk register and that the updated register is reported to the IJB for approval by January 2019, and
4. Agrees that going forward, the Audit Committee will review the IJB Strategic Risk Register annually with a six monthly update to the Committee reflecting all Red/Very High Risks.

Louise Long,
Corporate Director (Chief Officer)
Inverclyde HSCP

4.0 BACKGROUND

4.1 The Integration Joint Board (IJB) Strategic Risk Register covers the risks specific to the IJB and its operations. In addition, the Health and Social Care Partnership (HSCP) has an Operational Register for Social Care and Health Service operations and a Project Risk Register for the new Greenock Health Centre Capital Project.

4.2 The IJB Risk Register will be formally reviewed by the Inverclyde HSCP Senior Management Team at least twice a year. The IJB Risk Register and any changes will come to the IJB Audit Committee. This report details the current position in relation to the IJB Risk Register.

5.0 REVIEWING THE IJB RISK REGISTER

5.1 The IJB Risk Register was last reviewed and agreed by the IJB Audit Committee on 30 January 2018. The register was reviewed and last updated by officers in August 2018. None of the risk scores are proposed to be changed at this time but the controls and mitigating factors narrative on risks 4 and 6 have been updated to reflect the current position on each. An updated version of the register is enclosed at Appendix A.

5.2 The IJB risk register was initially developed by the Board at a development session a few months after the IJB went live in 2016. It is proposed that an IJB development session be arranged to give the IJB the opportunity to review and update their risk register to reflect the current position of the IJB. The updated register should be considered by the IJB for approval by the end of January 2019. Thereafter the Audit Committee will review the IJB Strategic Risk Register annually with a six monthly update to the Committee reflecting all Red/Very High Risks

6.0 SIGNIFICANT RISKS ON OTHER HEALTH AND SOCIAL CARE RISK REGISTERS

6.1 The HSCP Operational Risk Register and Greenock Health Centre Capital Project Risk Register have their own reporting lines.

6.2 All Very High or Red Rated risks on either the HSCP Operational Risk Register or the Project Risk Register for the New Greenock Health Centre are also reported to the IJB Audit Committee for noting.

6.3 <u>HSCP Operational Risk Register – Very High/Red Risks</u>

The SMT in July 2018 reviewed the current register and there is one risk currently classified as Very High/Red at this time.

- Ref 2 - Legal & Regulatory - risk around meeting statutory requirements in relation to rising demand and staff turnover. Inability to cover some duties. An action plan is in place to address this in the short term

6.4 <u>New Greenock Health Centre Capital Project Risk Register – Very High/Red Risks</u>

At the August meeting of the Project Board one risk on the register was ranked very high/red.

- Ref A5 - Decoupling of Projects - The Greenock Health Centre project is part of a bundle of 3 projects with Clydebank and Stobhill. The bundling reduces the overall costs of the 3 projects. It appears that there are some issues with the bundling which may increase the overall costs of the projects. Discussions are ongoing with NHSGG&C Capital Group and the providers to minimise any additional costs and mitigate this risk.

7.0 IMPLICATIONS

7.1 FINANCE

There are no direct financial implications within this report. Financial risks are identified in the Registers.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

LEGAL

7.2 There are no specific legal implications arising from this report.

HUMAN RESOURCES

7.3 There are no specific human resources implications arising from this report.

EQUALITIES

7.4 There are no equality issues within this report.

Has an Equality Impact Assessment been carried out?

7.4.1

	YES (see attached appendix)
√	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.4.2 How does this report address our Equality Outcomes?

There are no Equalities Outcomes implications within this report.

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None

People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

7.5 **CLINICAL OR CARE GOVERNANCE IMPLICATIONS**

There are no governance issues within this report.

7.6 **NATIONAL WELLBEING OUTCOMES**

How does this report support delivery of the National Wellbeing Outcomes?

There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	**Implications**
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

8.0 CONSULTATION

8.1 This report has been prepared by the Chief Financial Officer of the IJB in consultation with Heads of Service and the Chief Officer.

APPENDIX A

DRAFT IJB RISK REGISTER/RISK MAP FORMAT

Organisation	Inverclyde Integration Joint Board
Date Last Reviewed by IJB/Audit Committee	30/01/2018
Date Last Reviewed by Officers	``

Risk No	*Description of RISK Concern (x,y,z)	Risk Score pre Mitigations	Current Controls	IMPACT	L'HOOD	Quartile	Risk Score	Additional Controls/Mitigating Actions & Time Frames with End Dates	Who is Responsible? (name or title)
1	**Workforce Sustainability** Risk due to changing workforce demographics & the type of skills required to deliver services in the future the workforce may not have the skill, experience or capacity to deliver the type & quality of services the community needs. This could be compounded by lack of resources available to invest in training our people. Potential Consequences: Don't attract or retain the right people, don't have an engaged & resilient workforce, service user needs not met, strategic plan not delivered, & reputational damage.	16	1. Strategic Plan 2. Workforce Planning 3. Individual development plans 4. Training budgets 5. People Plan	4	2		8		Head of Strategy and Support Services
2	**Performance Management Information** Risk due to lack of quality, timeous performance information systems to inform strategic & operational planning & decision making. Potential Consequences: Misallocate resources to non-priority areas, lack of focus, decisions based on anecdotal thinking or biased perspectives, & community needs not met.	20	1. Performance management infrastructure and reporting cycle 2. Regular financial monitoring reports showing performance against budget and projected outturns 3. Locality planning arrangements 4. Robust budget planning processes 5. Quarterly Performance Reviews 6. Data repository regularly updated 7. Quality strategy and self evaluation processes 8. Regular review of Performa reporting frameworks	3	2		6		Head of Strategy and Support Services
3	**Complaints Process** Risk of ineffective complaints process. Potential Consequences: Missed opportunities to learn from perceived & real errors or mistakes, missed opportunity to address perceived or real problems at earliest opportunity & possibly leading to more serious complaints & litigation later, services do not respond as they should to service user needs, & reputational damage.	20	1. Complaints process 2. Complaints reporting - including the Annual Complaints report which goes to the Health & Social Care Cttee and the Clinical and Care Governance Group 3. Performance management 4. Service user engagement & feedback processes 5. Complaints handling training	2	2		4		Head of Strategy and Support Services
4	**Financial Sustainability / Constraints / Resource Allocation** Risk due to increased demand for services, potentially not aligning budget to priorities, or anticipated future budget cuts to our funding partners which means that the level of funding provided by the funding partners to the IJB becomes insufficient to meet national & local outcomes & to deliver Strategic Plan Objectives Potential Consequences: IJB unable to deliver Strategic Plan objectives, reputational damage, dispute with Partners, needs not met, risk of overspend on Integrated Budget	20	1. Strategic Plan 2. Due Diligence work 3. Close working with Council & Health when preparing budget plans 4. Regular budget monitoring reporting to the IJB 5. Regular budget reports and meetings with budget holders 6. Regular Heads of Service Finance meetings 7. Close working with other HSCPs to deliver a whole system approach to financial planning and delivery 8. Medium Term Finance Plan agreed	4	3		12		

Risk No	*Description of RISK Concern (x,y,z)	Risk Score pre Mitigations	Current Controls	IMPACT Rating (A)	L'HOOD Rating (B)	Quartile	Risk Score (A*B)	Additional Controls/Mitigating Actions & Time Frames with End Dates	Who is Responsible? (name or title)
5	**Effective Governance** Risk through partner organisational restructures causing additional governance complexity, not having the right skills mix on the IJB, lack of clarity of role & ability to make decisions, lack of effective horizon scanning, inability to review the performance of Board, poor communications, or perceived lack of accountability by the public. Potential Consequences: Poor decision making, lack of critical skills lead to 'blind spots' or unanticipated risks, partners disengage from the IJB, dysfunctional behaviours, fail to deliver the strategic plan.	16	1. IJB themed development sessions carried out throughout the year to update members on key issues 2. Code of Conduct for members 3. Standards Officer appointed 4. Chief Officer is a member of both Partner CMT's & has the opportunity to influence any further governance mechanism changes 5. Regularly planning/liaison meetings between Chief Officer and Chair/Vice Chair 6. Internal and External Audit reviews of governance arrangements	4	2		8	IJB members development/induction programme being developed. ●New Clinical Care Governance developed ●Clinical care post developed	Chief Officer
6	**Understanding Needs of the Community** Risk due to lack of quality data about the needs of service users in order to inform decision making & allocation of resources to deliver the Strategic Plan Possible consequences: Poor quality decision making, don't address health inequalities or understand root causes of why they persist, lack of understanding about future needs & service demands, unable to allocate resources appropriately to deliver the strategic plan, high levels of disease, drug & alcohol misuse consume ever more resources.	25	1. Community Engagement led by 3rd sector partners 2. Health Education Programmes 3. Locality planning to enhance local targeting of services 4. Strategic Planning Group 5. Equalities Outcomes as part of the Strategic Plan 6. Strategic Needs Assessment Work which is advanced at a community and care group level 7. The above informs work across care groups and partnership working	4	2		8	Develop a Community Engagement Strategy for the HSCP - aligned with the CPP - Underway and being informed by the review of the Strategic Plan- work now due to be complete by Dec 2018	Head of Strategy and Support Services
7	**Relationship with Acute Partners** Risk due to partnership breakdown caused by different priorities & pressures from external stakeholders, lack of trust or effective communication. Potential Consequences: relationship breakdown, dysfunctional working relationships, cannot affect or influence change or priorities, resources skewed towards acute care away from preventative, unable to deliver strategic plan.	16	1. HSCP/Acute joint working groups 2. CO on HB CMT along with Acute Colleagues 3. Developing commissioning plans in partnership with Acute colleagues 4. Market Facilitation Statement	4	3		12	Development of Market Facilitation Plan which will include Acute Sector Provision. Transformational plan and unscheduled care supporting delayed discharge and bed day reduction.	Head of Strategy & Support Services Head of Adult and Community Care
8	**Strategic Capacity** Risk due to constrained resources within partner organisations, loss of key people, or lack of commitment to IJB priorities Potential Consequences: partners do not engage or consult with IJB, short term pressures mean long term strategic thinking & planning is neglected, poorer health outcomes for the community, do not address long term entrenched health problems, or deliver the strategic plan	16	1. Strategic Planning Process 2. Performance Monitoring 3. Workforce development plan 4. Close working of CO and SMT with Senior Officers of HB and Council 5. Staff Partnership Forum 6. IJB Oversight of performance 7. Planning framework	4	2		8	Review of Strategic Planning Group underway	Head of Strategy and Support Services
9	**Legislative/Policy Developments** A risk of further legislative or policy development or change which impacts the IJBs ability to deliver its strategic plan Potential Consequences: IJB unable to deliver Strategic Plan, additional unfunded cost pressures, reputational damage	16	1. Ongoing work of the Strategic Planning Group 2. Close working of the CO and SMT with Senior Officers of HB and Council 3. Horizon scanning through SMT network groups 4. Regular liaison of senior officers with Scottish Government 5. Childrens Services Plan	4	2		8	Regular analysis of new policies to ascertain possible impacts. Regular discussions at Chief Officers' Group and Strategic Leads Group. Reports will be brought to IJB as required.	Chief Officer

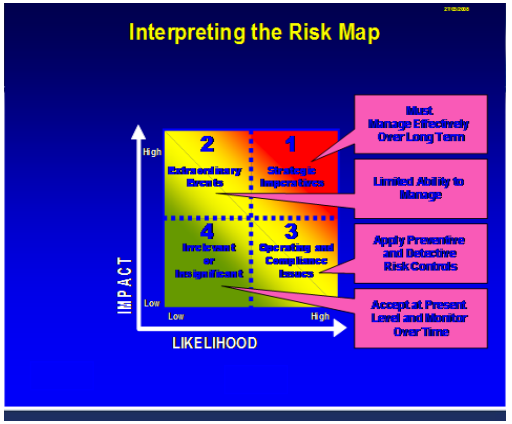
Key: see diagram

Requires active management.
High impact/high likelihood: risk requires active management to manage down and maintain exposure at an acceptable level. Very High

Contingency plans.
A robust contingency plan may suffice together with early warning mechanisms to detect any deviation from plan. High

Good Housekeeping.
May require some risk mitigation to reduce likelihood if this can be done cost effectively, but good housekeeping to ensure the impact remains low should be adequate. Reassess frequently to ensure conditions remain the same. Medium (5-9)

Review periodically.
Risks are unlikely to require mitigating actions but status should be reviewed frequently to ensure conditions have not changed. Low



Risk Impact					
	1	2	3	4	5
	Insignificant	Minor	Moderate	Major	Catastrophic
Financial	<£100k	£100k-£250k	£250k-£500k	£500k-£1,000k	£1,000k>
Reputation	Individual negative perception	Local negative perception	Intra industry or regional negative perception	National negative perception	Sustained national negative perception
Legal and Regulatory	Minor regulatory or contractual breach resulting in no compensation or loss	Breach of legislation or code resulting in a compensation award	Regulatory censure or action, significant contractual breach	Breach of regulation or legislation with severe costs/fine	Public fines and censure, regulatory veto on projects/ withdrawal of funding. Major adverse corporate litigation
Opertional/ Continuity	An individual service or process failure	Minor problems in specific areas of service delivery	Impact on specific customer group or process	Widespread problems in business operations	Major service of process failure impacting majority or major customer groups

Likelihood					
	1	2	3	4	5
	Rare	Unlikely	Possible	Probable	Almost Certain
Definition	Not likely to happen in the next 3 years	Unlikely to happen in the next 3 years	Possible to occur in the next 3 years	Likely to occur in the next year	Very likely to occur in the next 6 months