

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	4 December 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC1924 – Integration Joint Board – Directions
REPORT NUMBER	IA/AC1924
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the outcome of an audit that was included in the Aberdeen City Integration Joint Board Internal Audit plan.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. BACKGROUND / MAIN ISSUES

- 3.1 Internal Audit has completed the attached report which relates to an audit of Integration Joint Board – Directions.
- 3.2 The Aberdeen City Integration Joint Board Audit and Performance Systems Committee agreed on 11 August 2016 that outputs from audits relating to the IJB would be reported, for information, to the Audit Risk and Scrutiny Committee. The Audit and Performance Systems Committee subsequently decided that it wished to receive summary reports from Internal Audit rather than the full report. However, in this instance, they requested that the full version be presented to Committee. In view of this, the full report is appended to this report.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

7. OUTCOMES

7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.

7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

9.1 Internal Audit report AC1924 – Integration Joint Board – Directions.

10. REPORT AUTHOR DETAILS

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Aberdeen City Health & Social Care Partnership
A caring partnership



Internal Audit Report

Aberdeen City Health & Social Care Partnership

Integration Joint Board Directions

Issued to:

Sandra Ross, Chief Officer, Aberdeen City Health & Social Care Partnership
Alex Stephen, Chief Finance Officer, Aberdeen City Health & Social Care Partnership
Gail Woodcock, Lead Transformation Manager, Aberdeen City Health & Social Care Partnership
Sarah Gibbon, Executive Assistant to Chief Officer, Aberdeen City Health & Social Care Partnership
External Audit

EXECUTIVE SUMMARY

Aberdeen City Health & Social Care Partnership (ACH&SCP) manages its strategy and operations via an Integration Joint Board (IJB), supported by Committees, an Executive Team, and officers within the Partners reporting to the Chief Officer. Resources and budgets have been delegated to the Partnership, which directs services from the Partners via official Directions in order to fulfil the requirements of its Strategic Plan. A Direction must be given in respect of every function that has been delegated to the IJB.

The objective of this audit was to provide assurance that the arrangements in place for issuing Directions, and the Directions themselves, are appropriate, and that adequate procedures are in place for monitoring performance.

The Partnership introduced new procedures for issuing and documenting Directions in 2018 which are clear and comprehensive. Since their introduction Directions have generally been consistently recorded. However, errors were identified including the budgeted values and dates of issue included in final printed and issued Directions. A reminder has been issued to report authors to ensure the correct information is recorded.

Directions are typically supported by proposals or business cases. These were not always clear as to the specific and measurable benefits and contributions a project or action would be expected to make towards each of the strategic priorities which had been listed. A reminder has been issued to report authors to ensure the rationale is clearly recorded.

Whilst budgets are monitored regularly and projects are subject to exception reporting, there is currently no periodic reporting to the IJB or its Audit and Performance Systems Committee regarding progress with implementing Directions. The Service plans to produce an annual monitoring report.

1. INTRODUCTION

- 1.1 Aberdeen City Health & Social Care Partnership (ACH&SCP) manages its strategy and operations via an Integration Joint Board (IJB), supported by Committees, an Executive Team, and officers within the Partners reporting to the Chief Officer. Resources and budgets have been delegated to the Partnership, which directs services from the Partners via official Directions in order to fulfil the requirements of its Strategic Plan. A Direction must be given in respect of every function that has been delegated to the IJB.
- 1.2 The objective of this audit was to provide assurance that the arrangements in place for issuing Directions, and the Directions themselves, are appropriate, and that adequate procedures are in place for monitoring performance.
- 1.3 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Sandra Ross, Chief Officer, ACH&SCP, Gail Woodcock, Lead Transformation Manager, ACH&SCP and Sarah Gibbon, Executive Assistant to the Chief Officer, ACH&SCP.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Procedures

- 2.1.1 Comprehensive written procedures which are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance that correct and consistent instructions are available to staff, important in the event of an experienced employee being absent or leaving. They have increased importance where new systems or procedures are being introduced.
- 2.1.2 The Service has a flow chart detailing the steps which should be undertaken prior to recommending to the IJB that a Direction be issued. These include details of information which should be present in supporting reports. The steps also emphasise the importance of ensuring that all relevant Officers are consulted and given the opportunity to query any issue. The instructions largely mirror the 'Good Practice Note: Directions from Integration Authorities to Health Boards and Local Authorities' produced by the Scottish Government.
- 2.1.3 COSLA in conjunction with the Scottish Government has recently (February 2019) completed a review of progress in relation to Health and Social Care Integration and has made proposals in relation to improvements in processes. One of these is that revised statutory guidance will be produced in relation to the use of Directions. It is anticipated that local guidance will be updated in the event that changes are required.

2.2 Directions

- 2.2.1 Prior to a Direction being issued it should be evidenced that the underlying issue and reason for the Direction have been carefully considered and discussed with relevant parties and that appropriate authorisation has been given to proceed. The Directions themselves should tie in with the strategic priorities as noted in the ACH&SCP Strategic Plan.

2016-19 Priorities:

- 1) Develop a consistent person centred approach that promotes and protects the human rights of every individual and which enable our citizens to have opportunities to maintain their wellbeing and take a full and active role in their local community.
- 2) Support and improve the health, wellbeing and quality of life of our local population.
- 3) Promote and support self-management and independence for individuals for as long as reasonably possible.
- 4) Value and support those who are unpaid carers to become equal partners in the planning and delivery of services, to look after their own health and to have a quality of life outside the caring role if so desired.
- 5) Contribute to a reduction in health inequalities and the inequalities in the wider social conditions that affect our health and wellbeing.
- 6) Strengthen existing community assets and resources that can help local people with their needs as they perceive them and make it easier for people to contribute to helping others in their communities.
- 7) Support our staff to deliver high quality services that have a positive impact on personal experiences and outcomes.

- 2.2.2 For a sample of eight Directions, background reports or business cases were presented to the IJB, showing that appropriate consideration had been given to them. In general, the proposals were clear, and set out their anticipated benefits, and a link to one or more of the Strategic Priorities. However, there were instances where some anticipated benefits could be difficult to accurately measure, and where links to further Strategic Priorities had been included without a clear explanation of how the project would directly affect them. This could make monitoring the effectiveness and impact of Directions more difficult.

Recommendation

The Service should ensure that the alignment of proposed Directions with its Strategic Priorities is clear.

Service Response / Action

Agreed. Officers have been reminded of the need to ensure a clear rationale for links to Strategic Priorities is set out to support each Direction.

Implementation Date

Implemented

Responsible Officer

Chief Finance Officer

Grading

Significant within audited area

- 2.2.3 Directions include the dates on which they have been approved by the IJB. However, in two instances the instruction from the IJB was that the Directions should only be issued following approval of Business Cases by the Executive Programme Board. In these instances, the date of the IJB's conditional approval was included on the Directions, rather than the date on which these conditions were met. As the core record of the IJB's instructions, Directions should be dated as of the date of issue.

- 2.2.4 In three cases the Directions included a different budget than that originally sought and approved. In one case an error resulted in the final printed Direction being issued for £191,500 instead of £189,500. In another case a late amendment to the report resulted in agreement to increase a budget to £84,000, but the Direction remained at £78,000. In the third case approval was given for a budget of £243,000, pending agreement from the Executive Programme Board, which agreed £211,000, but the Direction was issued for £243,000.

- 2.2.5 As the legal basis through which the IJB conducts its business and delivers its Strategic Priorities, Directions need to reflect its agreed intentions.

Recommendation

The Service should ensure that Directions accurately reflect the IJB's instructions.

Service Response / Action

Agreed. Officers have been reminded of the need to ensure values and dates of Directions are accurate.

Implementation Date

Implemented

Responsible Officer

Chief Finance Officer

Grading

Significant within audited area

2.3 Monitoring

- 2.3.1 There are various means of monitoring and reporting progress in respect of activity which is subject to a Direction – including budget monitoring, and governance arrangements put in place in respect of the transformation programme. A variety of supporting records is maintained in respect of these.

- 2.3.2 In addition to planned progress updates in respect of individual Projects, the Service maintains a Dashboard to which financial updates (figures and commentary) are input showing anticipated spend to year-end for Projects (which are generally subject to a Direction). Project Managers have access to the Dashboard and are responsible for ensuring that updates are provided timeously. It was noted that the Dashboard had not been updated in a number of instances. The Service explained that it is currently working on producing a new Dashboard and therefore there may currently be missing entries. Spend on the Dashboard is separated into financial years, and includes items not covered by Directions, therefore it is not currently in a suitable format to demonstrate that the scope of Directions is being adhered to.
- 2.3.3 The Service has also set up a spreadsheet showing Directions which have been issued since formation of the IJB. This contains the Direction title, the associated report title and budget, when it was approved, the Lead Officer and the effective dates of the Direction and a column for updates. Whilst the spreadsheet accurately reflected a sample of Directions and associated reports to the IJB in respect of specific transformation projects, it was not fully up to date: Directions issued as part of agreement of the 2018/19 Budget and Medium Term Financial Strategy were not included.
- 2.3.4 Therefore, although there are various records there is currently no consolidated overview of the implementation and status of all Directions issued by the IJB. As there is no regular monitoring, the IJB is not generally informed in advance of instances where a Direction is unlikely to be completed within the timeframe or budget initially projected – and therefore where a Direction may have to be amended – though depending on the scale this may be highlighted as part of budget monitoring or a specific report to the IJB or Audit and Performance Systems Committee. The Service has indicated plans to produce an annual monitoring report. More regular reporting would provide additional assurance.

Recommendation

The Service should develop and implement regular consolidated Directions progress monitoring for the IJB.

Service Response / Action

Agreed. This had not previously been progressed due to staffing changes in the Partnership. A report will be collated to demonstrate implementation of Directions as originally planned and presented to the IJB or an appropriate Committee.

Implementation Date

March 2020

Responsible Officer

Chief Finance Officer

Grading

Significant within audited area

AUDITORS: D Hughes
C Harvey
D Henderson

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.