
MEMORANDUM

TO : Jim Forrest, Director, West Lothian IJB

FROM : Kenneth Ribbons, IJB Internal Auditor

REF. NO. : EX1802/SL

DATE : 5 December 2018

Follow-Up Audit of IJB Governance

In accordance with the 2018/19 IJB Audit Plan we have carried out a follow-up audit of our previous audit of IJB governance arrangements. The original audit report was issued in December 2016 and was presented to the IJB Audit, Risk and Governance Committee on 6 January 2017.

A total of eight actions were previously agreed to be implemented and three of these eight actions were found to have been fully implemented at the time of our follow up audit.

The actions where further work is still required are summarised below. Only one of these was ranked with 'High' importance.

- Strategic Plan – three year rolling action plan (High)
- IJB Audit, Risk and Governance Committee – independent member (Medium)
- SLAs for Support Services (Medium)
- Meeting the requirements of the Integration Scheme (Medium)
- Review of Systems of Internal Control (Low)

An action plan containing the original audit findings, the follow up audit findings and the revised agreed actions and timescales is included in Appendix 1.

Should you require any further assistance please contact Sharon Leitch.

Kenneth Ribbons
IJB Internal Auditor

Copy to: James Millar, IJB Standards Officer
Lorna Kemp, Project Officer – Integration Joint Board

APPENDIX 1 - ACTION PLAN

Ref	Original Finding & Risk	Original Agreed Action	Importance Level
3.1	<p><u>Strategic Plan - Three Year Rolling Action Plan</u></p> <p>The Integration Scheme between West Lothian Council and NHS Lothian states '<i>The Board is to approve a Strategic Plan which will be developed through its Strategic Planning Group... it should detail... a rolling three year action plan which will be reviewed and updated on an annual basis</i>'. Overseeing the implementation of a three year action plan is also included in the remit of the Strategic Planning Group.</p> <p>The three year action plan has not yet been presented to the Board, and it will soon be time for its first annual review and update.</p> <p><u>Risk</u></p> <p><i>Absence of action plan resulting in progress against the strategic plan not being effectively monitored.</i></p>	The action plan will be presented to the Board by 31 March 2017.	High
			Responsible Officer
			Jim Forrest
			Risk Identifier
			IJB002
			Action Date
			31/03/17
	Follow Up Finding	Follow Up Agreed Action	Responsible Officer
	<p>On the 14 March 2017a Strategic Plan Annual Review report was presented to the IJB. This report outlined the requirements and key considerations of the Strategic Plan. On 13 March 2018 a further Strategic Plan report was presented to the IJB. This report recommended that a replacement Strategic Plan be developed and agreed the approach to be taken.</p> <p>Neither of these reports included an action plan and there is no other evidence of a rolling three year action plan having been presented to the IJB.</p> <p>Comments by Director</p> <p>It is accepted that a rolling three year action plan was never considered at the Strategic Planning Group or presented to the IJB as had been stated in the Integration Scheme.</p> <p>Although the Integration Scheme does contain the undertaking to produce the three-year rolling action plan it is not in legal terms "prescribed information" with which the Board requires to comply under the Public Bodies (Joint Working) (Integration Scheme)</p>	To provide assurance, officers will review past decisions and bring forward a report to the Board about the implementation of the Strategic Plan, monitoring its delivery and the future process and timescale for formally reviewing the Strategic Plan and other arrangements.	Jim Forrest
			Action Date
			30/4/19

	<p>(Scotland) Regulations 2014. The Integration Scheme was finalised in May 2015. That was four months before the Board was formally constituted. It was five months before the consultation process for preparing the first Strategic Plan started. It was ten months before the first Strategic Plan was approved. It was ten months before functions were formally delegated and directions issued to council and health board to deliver the Strategic Plan. In approving the Strategic Plan, and subsequently in monitoring its delivery and revision, a different approach was taken by the Board. It was entitled to do so in terms of the legislation. That had developed and evolved through the statutory consultation process and Strategic Planning group and Board meetings.</p> <p>Implementation of the Strategic Plan is monitored in several ways. Each Transformation Change Programme is overseen by a Programme Board that which oversees implementation of each programme. In addition, performance reporting includes:</p> <ul style="list-style-type: none"> • the 23 Core National Health and Wellbeing Outcome Indicators (for 4 of these there is not yet any national data available). • a balanced scorecard which includes the Core National Health and Wellbeing Outcome Indicators, local indicators, Local Delivery Plan indicators and Ministerial Strategic Group (MSG) Integration indicators, which are all allocated a RAG status. • MSG Indicators which are linked to the Local Delivery Plan. <p>In hindsight, the departure from the rolling plan approach should have been addressed explicitly as the Strategic Plan was developed and approved. In hindsight, that should have been done as well when the original Internal Audit report was considered and the action to present such a plan by 31 March 2017 should not have been agreed. There has been a departure from the Integration Scheme and an oversight in dealing with the three-year rolling plan provision. However, officers are of the view that the arrangements actually presented and approved by the Board are stronger and represent an approved position and practice.</p>	
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Ref	Original Finding & Risk	Original Agreed Action	Importance Level
3.2	<p><u>IJB Audit, Risk and Governance Committee</u></p> <p>The IJB Audit, Risk and Governance Committee's membership is made up of a subset of the Board, although it is noted that the Chair of the IJB is precluded from being a member of this committee. From a governance perspective, there is a risk that the membership therefore lacks an appropriate level of independence from the Board.</p> <p><u>Risk</u></p> <p><i>The current arrangements may lead to less effective scrutiny.</i></p>	<p>There is a statutory impediment to the IJB recruiting more widely. The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 says at regulation 17(1) that IJBs may "establish committees of its members". Then it says at 17(3) that there must be an equal number of council and health board voting members, so the members of any IJB must by definition be a subset of the IJB.</p> <p>However there is scope to consider ways in which non-voting "advisers" or "associate members" may be involved in the Audit, Risk and Governance Committee in some capacity.</p>	Medium
			Responsible Officer
			Jim Forrest
			Risk Identifier
			IJB001
			Action Date
			31/03/17
	Follow Up Finding	Follow Up Agreed Action	Responsible Officer
	<p>On 14 March 2017 a Membership Review report was presented to the IJB. The report recommended '<i>To agree in principle, despite the statutory barriers to committee membership for Non-Board members, that wider participation and involvement at the Audit, Risk and Governance Committee is desirable</i>'. The corresponding minute stated '<i>To note that officers would explore options for filling places in the membership of the SPG and the Board's Audit, Risk and Governance Committee as recommended in the report, and that suggestions would be brought back to the Board in due course</i>'.</p> <p>There is no evidence of any other reports being presented to the IJB to further consider the membership of the Audit, Risk and Governance Committee.</p>	<p>No action until membership review timetabled for December 2019 and biennially thereafter.</p>	Jim Forrest
			Action Date
			31/12/2019

	<p>Comments by Director</p> <p>A report was brought to the Board on 14 March 2017. That met the agreed deadline. The report invited the Board to review membership of the Board, the Strategic Planning Group and the Audit, Risk & Governance Committee. Officers were to explore options in relation to membership of the latter two bodies. They were to report back by a date unspecified.</p> <p>“Membership Review” was thereafter added to the Work Plan, but with no meeting date specified. That remained the case at meetings until 23 January 2018. The Work Plan agreed at that meeting provided for a membership review biennially, next due in December 2019. That has remained the case since then.</p> <p>The Audit, Risk & Governance Committee carried out a self-assessment exercise, reported on 12 September 2018. That included questions about committee membership. No concerns were brought forward. Members confirmed that the Committee was of an appropriate size and composition and that it has an appropriate mix of knowledge, expertise, experience and skills. No recommendations or actions on membership were made.</p>		
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Ref	Original Finding & Risk	Original Agreed Action	Importance Level
3.5	<p><u>SLAs for IJB Audit, Risk and Governance Services</u></p> <p>There are job descriptions in place for all of the formally appointed IJB Officers i.e. Chief Officer, Chief Finance Officer, Standards Officer and Internal Auditor.</p> <p>However there are no Service Level Agreements (SLA's) or other formal records in place which detail the scope of the services these officers will provide to the IJB. This is also the case for services provided by the council's Committee Services.</p> <p><u>Risk</u></p> <p><i>Lack of agreement of defined service provision resulting in potential for confusion or uncertainty.</i></p>	SLA's will be put in place by 31 March 2017.	Medium
			Responsible Officer
			Jim Forrest
			Risk Identifier
			IJB001
			Action Date
			31/03/17
	Follow Up Finding	Follow Up Agreed Action	Responsible Officer
	<p>On 26 September 2017 a report was presented to the IJB on the Provision of Support Services. This report concluded '<i>It remains the case that most of the areas of work that remain to be addressed in the Integration Scheme are listed under support services. However, the current provision of support is deemed to be realistic and sufficient to fulfil the Board's needs. It is recommended that support provision to the Board is monitored closely and reviewed again in two years</i>'. There is no indication in this report that SLAs have been prepared.</p> <p>The Code of Corporate Governance Section IJB Annual Governance Statement states '<i>The Internal Audit annual report gave rise to four concerns (audit standards; performance management; service level agreements for council services and reporting on an external assessment of internal audit services. These were progressed and completed during the year</i>'. </p> <p>The position on SLAs for Support Services for the IJB should be reviewed and clarified.</p>	<p>Add review of support service provision, including the need for SLAs, to the Board's Work Plan and reporting calendar at the next Board meeting for a specified date.</p> <p>Ensure that review is carried out timeously.</p>	Jim Forrest
			Action Date
			Immediate
			31/10/19

	<p>Director's comments</p> <p>SLAs were not put in place by 31 March 2017. Their completion was in error absorbed into the ongoing work on reviewing the extent of compliance with the Integration Scheme. The Audit, Risk & Governance Committee on 28 June 2017 accepted a revised completion date of 30 September 2017 as part of that review. Ensuring completion of the work on Integration Scheme compliance was noted in the Annual Governance Statement agreed by the committee at the June meeting.</p> <p>The Board then considered a report at meetings on 26 September 2017 on that compliance review. That was within the new deadline. The report concluded that the matters outstanding related to support services, including those potentially covered by SLAs; that current arrangements were realistic and sufficient; and that provision should be reviewed again in two years. The report advised that risk was seen as minimal so long as support continued. The Board accepted the recommendations on 31 October 2017.</p>		
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Ref	Original Finding & Risk	Original Agreed Action	Importance Level
3.6	<p><u>IJB Governance – Work in Progress</u></p> <p>The following areas of IJB governance are still work in progress and it has been confirmed that they have been recorded as such in the formal review process which is currently ongoing:</p> <ul style="list-style-type: none"> • business continuity and emergency planning arrangements are not yet in place, albeit work has been undertaken in respect of severe weather planning. • there are no procedures in place for the use of capital assets, however meetings are ongoing between the council and NHS Lothian to progress these. • information sharing arrangements (including data protection and freedom of information requirements) are not yet finalised and work is still being progressed on a pan-lothian basis. • there is no IJB complaints procedure in place and this is currently being worked on, however the council and NHS Lothian still maintain their own separate complaints procedures. • there is no IJB Scheme of Delegation or Code of Corporate Governance in place. <p><u>Risk</u></p> <p><i>Non-compliance with legislation or good practice leading to reputational damage.</i></p>	<p>The requirements of the integration scheme are scheduled to be completed by the 31 March 2017, with the exception of the full implementation of Community Planning participation which is scheduled for completion by 30 June 2017 and the preparation of a Code of Corporate Governance which is scheduled for completion by 30 September 2017.</p> <p>There is a monitoring process in place which ensures progress is monitored on a regular basis.</p>	<p>Medium</p> <p>Responsible Officer</p> <p>Jim Forrest</p> <p>Risk Identifier</p> <p>IJB001</p> <p>Action Date</p> <p>30/09/17</p>
	Follow Up Finding	Follow Up Agreed Action	Responsible Officer
	<p>On 28 June 2017 an Implementation of Integration Scheme – Progress Update report was presented to the IJB. This provided an update on meeting the requirements of the Integration Scheme, advising that some requirements were still in progress.</p> <p>The 2017/18 IJB annual accounts, Matters of Concern from 2016/17, notes that one of the matters of concern, ensuring compliance with the Integration Scheme, was only partially complete.</p> <p>It is acknowledged that most of the points noted in the above finding have been completed. However there would be merit in presenting a further update report to the IJB to provide assurance that all the requirements have now been met.</p>	<p>Ensure progress against matters covered by the annual governance statement is made and monitored by senior officers -</p> <p>A further progress update will be</p>	<p>Jim Forrest</p> <p>Action Date</p> <p>Immediately, already in place.</p>

	<p>Director's comments</p> <p>These oversights are accepted. The Annual Governance Statement 2017/18 agreed at the Audit, Risk & Governance Committee on 28 June 2017 highlighted the issue and stated that incomplete actions should be completed in 2018/19.</p>	<p>presented to the Audit, Risk & Governance Committee before consideration of the annual governance statement, and will be used to inform the Annual Governance Statement.</p>	<p>31/3/2019</p>
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Ref	Original Finding & Risk	Original Agreed Action	Importance Level
3.7	<p><u>Systems of Internal Control</u></p> <p>The annual governance statement included in the 2015/16 IJB Annual Accounts states the following in respect of systems of internal control '<i>The Board requires to carry out at least annually a review of its system of internal control and to report on that as part of this statement. The Board is still in the very early stages of its existence and is still to fully develop systems of internal control. As summarised above, the legal constitutional requirement of the Board have been put in place, and the structure is there to allow that system to be fully established and to be more formally reviewed in 2016/17 and future years</i>'.</p> <p>From discussion with the Standards Officer it has been established the review of the systems of internal control for 2016/17 will be based on the review of the Standing Orders during 2016/17, the review, development and approval of other key governance documentation, and the completion of IJB audit plan.</p> <p>It should be ensured that there is a documented process which evidences the annual review of the system of internal control.</p> <p><u>Risk</u> <i>Lack of evidence to substantiate the review of the system of internal control.</i></p>	The review of the system of internal control will be completed in line with the timescales for the annual governance statement, and will be appropriately documented.	Low
			Responsible Officer
			Jim Forrest
			Risk Identifier
			IJB001
			Action Date
			30/06/17
	Follow Up Finding	Follow Up Agreed Action	Responsible Officer
	<p>The 2017/18 IJB annual accounts, under the heading of System of Internal Control, state '<i>Reporting to the Board on the effectiveness of the system of internal control is a statutory requirement carried out by the Board's Internal Auditor. It is included in his Internal Audit Annual Report in June each year. Its consideration precedes and informs this statutory annual governance statement which requires approval by the Board and incorporation into the annual accounts and financial statements. Based on internal audit investigations and reports throughout the year he has identified areas where improvements are required and confirmed that recommendations would be followed up and reported</i>'.</p> <p>The Internal Auditor's opinion is based on audits undertaken in the financial year. There may be merit in undertaking a regular review of the overall IJB System of Internal Control to provide further assurances on the effectiveness of the internal controls and governance arrangements in place.</p>	<p>An annual review of the Local Code of Corporate Governance will be undertaken to provide additional assurance in respect of the overall IJB System of Internal Control.</p> <p>This will be done prior to the preparation of the Annual Governance Statement.</p>	Jim Forrest
			Action Date
			31/3/2019

	<p>Director's comments</p> <p>Since the original recommendation and action the Board has adopted a Local Code of corporate governance based on the CIPFA/SOLACE Framework (2016). It provides for a review of all aspects of the Board's governance and control arrangements. It is to be populated and updated each year. A report on its first use in 2017/18 is due to be made to the next meeting of the Audit, Risk & Governance Committee. The updated Code will be used to inform the review of the system of internal control and annual governance statement each year.</p>		
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