

Agenda Item 6

Internal Audit Progress Report



Falkirk Integration Joint Board – Audit Committee

Date: 6 March 2020

Title: Internal Audit Progress Report

Action: For consideration

Executive Summary

1. This report provides an update on progress with completing the 2018/19 and 2019/20 Internal Audit Plans.
2. Since the last meeting of the Committee the Internal Audit report on Performance Management and Reporting has been finalised, and progress is being made with remaining 2018/19 and 2019/20 Internal Audit work.

Recommendations

The IJB Audit Committee is asked to:

3. Note progress being made with completing the 2018/19 and 2019/20 Internal Audit Plans.

Progress with Completing 2018/19 and 2019/20 Internal Audit Plans

4. Responsibility for leading on the provision of Internal Audit services to Falkirk IJB rotates on a three yearly cycle.
5. From 01 April 2019 Falkirk Council's Internal Audit Manager took over that role for Falkirk IJB. Prior to that, the provision of Internal Audit services was led by the Chief Internal Auditor of NHS Fife, Tayside, and Forth Valley NHS Internal Audit consortium
6. The current position is summarised in the table below and overleaf:

2018/19 Internal Audit Plan:	
Performance Management and Reporting.	Final report issued on 06 February 2020. Summary of key findings at Appendix 1.
Assurance Framework.	Draft report issued to management. Summary of key findings will be reported to Audit Committee on 18 June 2020.
2019/20 Internal Audit Plan:	
Carers (Scotland) Act 2016 and Participation and Engagement Strategy Arrangements.	Final Report issued on 28 November 2019. Summary of key findings reported to Audit Committee on 16 December 2019 .
Medium Term Financial Planning	Draft Report issued to management. Summary of key findings will be reported to Audit Committee on 18 June 2020.

Conclusions

7. Progress is being made in relation to both 2018/19 and 2019/20 Internal Audit work. This will contribute to a balanced and evidenced based year end opinion on arrangements for risk management, governance, and control.

Resource Implications

There are no resource implications arising from the recommendations in this report.

Impact on IJB Outcomes and Priorities

Effective governance, including risk management and internal control, will be necessary to deliver the outcomes and priorities of the IJB.

Legal & Risk Implications

The role of Internal Audit is to provide assurance on the IJB's arrangements for risk management, governance, and control. Recommendations made by Internal Audit aim to reduce or mitigate risk to which the IJB may be exposed.

Consultation

All Internal Audit reports are circulated in draft and reviewed by management prior to final publication.

Equalities Assessment

No equalities issues arise from the recommendations of this report.

Report Author

Approved for submission by: Patricia Cassidy, Chief Officer.

Author of report – Gordon O'Connor, Internal Audit Manager.

List of Background Papers

The papers that may be referred to within the report or previous papers on the same or related subjects

- None

Appendices

Appendix 1: Appendix 1: Summary of Findings Arising from Internal Audit Work

Appendix 2: Appendix 2: Definition of Internal Audit Assurance Categories

Summary of Findings Arising from Internal Audit Work

Internal Audit Plan	Assignment	Assurance
2018/19	Performance Management and Reporting	Substantial Assurance (Category C – Adequate¹)
Scope	Final Report Executive Summary	
<p>Internal Audit work sought to provide assurance in relation to the following risks:</p> <ul style="list-style-type: none"> • Performance management reporting arrangements and outputs may not comply with all relevant guidance, and performance reporting to the IJB may not be aligned with Scottish Government and local requirements; • Performance measures may not support planned outcomes and may not be clearly defined; and • Where performance information indicates that targets are not being achieved, assurance may not be provided that effective remedial action is taken. <p>Internal Audit also reviewed the availability of robust, reliable, and timely performance information, and the level of support provided by partners to produce reports.</p>	<p>Robust and effective performance management, monitoring, and reporting is vital to provide assurance to the IJB on achievement of the Strategic Plan and performance against national and local targets. We noted that the style of Performance Monitoring reports have been updated based on feedback, and this internal audit report makes suggestions to enhance current reporting, particularly in areas where performance is below target and remedial action is required.</p> <p>The Forth Valley wide Performance Management Framework was last updated on 31 March 2016, and was approved by Clackmannanshire and Stirling IJB and Falkirk IJB. The Framework has not been reviewed or refreshed during this three year period and the recommendations within this report should be considered when the framework is refreshed;</p> <p>Our review noted variation in the style and content of performance reports presented to the IJB. This variation reflects the timetable of reporting local and national indicators, and feedback from the Board, which has resulted in style and content changes.</p> <p>As reported to the April 2019 IJB, the Falkirk Performance Group have now developed a more structured and themed timetable for performance reporting for 2019. This incorporates reporting of the year end position for 2018/19 using local data items against MSG indicators and the baseline reported to the September 2019 IJB. It also incorporates reporting of year end 2018/19 position, benchmarked against peer groups, and the national position (using SOURCE data) reported to the December 2019 IJB.</p> <p>Internal Audit welcomes this development, and the action points within this report make suggestions to further enhance the content and style of IJB Performance Monitoring Reports to ensure they provide robust assurance to the Board and to improve user engagement. These recommendations include evidencing effectiveness of remedial action to provide assurance that, where targets have not been achieved, necessary actions are being taken and barriers to achievement are reported.</p> <p>The Annual Performance Report and the regular Performance Monitoring reports to the IJB do not set out performance by Locality, as the HSCP is not yet working in integrated locality teams. Management have informed us that this data is not yet available, and is currently being developed. This is a key development to enable national and local benchmarking;</p> <p>Historically, Performance Monitoring reports were submitted to the IJB by the General Manager: Community Services and the Head of Social Work Adult Services (SWAS), and approved for submission by the Chief Officer. There have been a number of staff changes, which has resulted in the Performance Monitoring report being presented by a range of people. More recently, this has been the General Manager</p>	

¹ **Note:** FTF NHS Internal Audit provided ‘Category C – Adequate’ assurance. This reads across to the ‘Substantial Assurance’ definition used in IJB Internal Audit reports from 01 April 2019. See Appendix 2.

and the Head of SWAS prior to their retirement. Partner performance staff are in attendance for any technical questions on the preparation of the data, and operational leads for any service based questions. We have recommended that the performance reports are presented by an officer with responsibility for the areas included in the report, and that the most appropriate operational accountable officer is available to provide the IJB with detailed assurances and explanations on performance.

While the Performance Group has proved effective in producing regular performance reports, the group has the potential to effect change and improve the content, user friendliness, and visuals within the performance report. This group has a key role in ensuring the format and content of the performance reports meets the needs of the IJB, and that all required information is reported in a user friendly, accessible, format, which clearly describes improvement and deterioration in performance. We have recommended that the role of the group is refreshed.

Definition of Internal Audit Assurance Categories

Level of Assurance	Definition
Substantial assurance	Largely satisfactory risk, control, and governance systems are in place. There is, however, some scope for improvement as current arrangements could undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.