



**REPORT**

Item No: 5

<b>SUBJECT:</b>	Update on Agreed Actions 2017/2018
<b>TO:</b>	Finance and Audit Sub-Committee
<b>Lead Officer for Report:</b>	Chief Accountable Officer
<b>Author(s) of Report</b>	Chief Financial Officer
<b>DATE:</b>	14 November 2017

**1. PURPOSE OF REPORT**

1.1 This paper is coming to the Finance and Audit Sub-Committee (FAC) for:

For approval <input type="checkbox"/>	For endorsement <input type="checkbox"/>	To note <input checked="" type="checkbox"/>
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1.2 This report provides an update in respect of the external and internal audit recommendations and also the good governance control and continuous improvement actions.

**2. ROUTE TO THE FINANCE AND AUDIT SUB-COMMITTEE:**

2.1 This paper has been:

Prepared By; Chief Financial Officer	Reviewed By; Chief Officer
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**3. RECOMMENDATION**

3.1 The FAC is asked to note the contents of the report.

**4. BACKGROUND/SUMMARY OF KEY ISSUES**

4.1 At the September 2017 meeting of the IJB, the External Auditors, Audit Scotland, presented their Annual Audit Report for 2016/2017. This report included four recommendations, as detailed at appendix 1, which the officers agreed to progress. Three of the recommendations relate to finance and one relates to the financial planning and performance management of the delegated hospital functions.

4.2 The IJB agreed the 2016/2017 Internal Audit Plan which included a review of financial management (budgetary control) and a review of performance management. The recommendations agreed by the officers following the completion of each of these assignments are detailed at appendix 2.

4.3 Following the internal review by the senior management team of the adequacy and effectiveness of the IJB governance arrangements in 2016/2017, continuous improvement actions were identified in order to further develop good governance controls. These good governance control and continuous improvement actions are detailed at appendix 3.

**5. CONCLUSIONS**

5.1 The progress to date in respect of each recommendation is set out in appendices 1, 2 and 3 as appropriate.

**6. IMPLICATIONS**

**6.1 NATIONAL OUTCOMES**

This relates to all nine national outcomes.

**6.2 ASSOCIATED MEASURE(S)**

The IJB is required to comply with the recommendations agreed with external and internal auditors and also continue to promote good governance across the partnership.

**6.3 FINANCIAL**

This paper has been reviewed by Finance:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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**6.4 PEOPLE**

None.

**6.5 INEQUALITIES**

EQIA Completed:

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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**6.6 CARBON MANAGEMENT IMPLICATIONS**

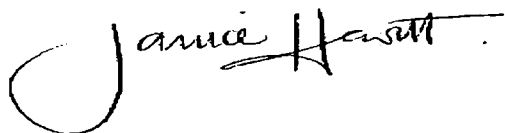
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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**7. BACKGROUND PAPERS**

- North Lanarkshire Integration Joint Board 2016/2017 Annual Audit Report (Audit Scotland)
- Internal Audit Report - Financial Management: Budgetary Control
- Internal Audit Report - Performance Management
- North Lanarkshire Integration Joint Board Annual Report and Accounts 2016/2017 (Annual Governance Statement)

**8. APPENDICES**

Recommendations – External Auditor	Appendix 1
Recommendations – Internal Auditors	Appendix 2
Recommendations – Senior Management Team	Appendix 3



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CHIEF ACCOUNTABLE OFFICER (or Depute)

Members seeking further information about any aspect of this report, please contact Marie Moy on telephone number 01698 453709.

No	Recommendation	Risk	Agreed Action	Lead	Timescale	Progress Update
1	<p>NHS Lanarkshire and NLIJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources in 2017/18.</p>	<p>In future years the sum set aside for hospital acute services recorded in the annual accounts will not reflect actual hospital use.</p>	<p>Work is ongoing to develop a more robust measurement of the use of hospital acute services.</p> <p>This development relies on the information from ISD on activity levels.</p>	<p>Chief Financial Officer</p>	<p>December 2017</p>	<p>The NHSL Director of Finance has been progressing discussions with the ISD Division in order to establish an accurate 2015/2016 activity baseline.</p> <p>The Chief Financial Officer and the NHSL Director of Finance are considering the options to improve the monitoring arrangements for the hospital acute services.</p>
2	<p>Financial monitoring reports should be reviewed to ensure that they include reliable financial projections.</p>	<p>Budget reports do not provide sufficient information to enable members to review in-year financial performance.</p>	<p>Each partner is aware of the requirement to ensure the in-year financial reporting is improved to include reliable financial projections.</p> <p>NHSL also recognise the value of providing a financial projection to 31 March and are progressing this.</p> <p>The Chief Financial Officer is developing a new financial reporting template for the</p>	<p>Chief Financial Officer</p>	<p>December 2017</p>	<p>A new financial reporting template for the IJB has been developed by the Chief Financial Officer and continues to be improved.</p> <p>Recognising the complexity of the health budgets, NHSL are progressing a six month reconciliation exercise for the Chief Financial Officer which will contribute to the financial monitoring arrangements of the IJB.</p> <p>Both partners are currently preparing financial projections to 31 March 2018.</p>

No	Recommendation	Risk	Agreed Action	Lead	Timescale	Progress Update
3	The budget reports for 2017/18 should be reported to the Board timeously	Budget reports do not provide sufficient information to enable members to review in-year financial performance.	<p>Each partner reports their financial performance to their Committee/Board every four weeks/month, as appropriate.</p> <p>The IJB Financial Regulations set out that quarterly budget reports will be presented to the IJB within 2 months of the end of the quarter.</p> <p>A budget report is currently in progress and due to be taken to the next IJB meeting in September 2017.</p>	Chief Financial Officer	September 2017	Completed.
4	A long term financial strategy (5 years +) supported by clear and detailed financial plans (3 years +) should be prepared. This is increasingly important as demand pressures increase, financial settlements continue to reduce and fundamental service redesign over a longer time frame becomes necessary. Plans should set out scenario plans (best, worst, most likely).	Budget reports do not provide sufficient information to enable members to review in-year financial performance.	A medium to long term financial plan is being developed. This relies on the financial planning assumptions of each partner and will influence the outcome of the Integrated Service Review Baord and the Integrated Workforce Strategy.	Chief Financial Officer	December 2017	The medium to long term financial plan is being developed and will be presented to the IJB following confirmation of the 2018/2019 financial settlement from the Scottish Government.

No	Report	Recommendation	Management Response	Lead	Timescale	Progress Update
1	Financial Management: Budgetary Control (Audit Ref.: 0600/2017/003)	Health and Social Care Partnership management should, as soon as practical, seek to prepare a robust medium term Financial Strategy which clearly details how funding received from each party will address, and continue to meet, the Partnership’s strategic objectives and priorities.	A medium to longer term financial plan is currently being prepared which is based on each partner’s financial planning assumptions. The outcome of the Integrated Service Review Board will influence the service priorities and also the alignment of the funding available to the partnership’s strategic objectives and priorities.	Chief Financial Officer	December 2017	The medium to long term financial plan is being developed and will be presented to the IJB following confirmation of the 2018/2019 financial settlement from the Scottish Government.
2	Financial Management: Budgetary Control (Audit Ref.: 0600/2017/003)	Health and Social Care Partnership management should ensure that the revised Financial Monitoring reports to key stakeholders provide appropriate information in respect of significant variances in budgets carried out during the period, together with a suitable explanation.	The financial monitoring report will continue to be developed to ensure it is appropriate for the IJB responsibilities.	Chief Financial Officer	December 2017	The financial monitoring report has been further developed. Work is ongoing with each partner to continue to improve the financial reporting arrangements in order to meet the requirements of the IJB.
3	Financial Management: Budgetary Control (Audit Ref.: 0600/2017/003)	Health and Social Care Partnership management should consider how best to ensure that the IJB is aware of the broader financial rules being applied by Partners via their delegated authority.	The Chief Financial Officer (IJB) will liaise with the Director of Finance (NHSL) and the Head of Business for Financial Solutions (NLC) to ensure the IJB has a full understanding of the IJB strategic financial framework.	Chief Financial Officer	December 2017	A review of the financial parameters within each partner is being undertaken, on conclusion of which the budget holders will be briefed to ensure they are aware of the broader financial rules being applied by each partner and also how these arrangements complement the IJB strategic financial framework.

No	Report	Recommendation	Management Response	Lead	Timescale	Progress Update
4	Financial Management: Budgetary Control (Audit Ref.: 0600/2017/003)	<p>Following completion of the review of Budget Holders, Health and Social Care Partnership management should ensure that:</p> <ul style="list-style-type: none"> <li>▪ Budget packs are produced for all Social Work budget areas and distributed to the appropriate Budget Managers as soon as possible following the budget setting process; and</li> <li>▪ Training on the budget process is provided to any new Budget holder/ Managers as appropriate to ensure that they are aware of their roles and responsibilities in respect of financial control and budget monitoring.</li> </ul>	<p>The Chief Financial Officer (IJB) will liaise with the Head of Business for Financial Solutions (NLC) as to how to progress this recommendation and ensure budget packs are issued to Budget Holders for 2018/19.</p>	Chief Financial Officer	March 2018	<p>Work is being progressed to ensure this recommendation is completed in March 2018</p>
5	Performance Management (Audit Ref.: 0600/2017/002)	<p>Health and Social Care Partnership management should continue to assess and review the current arrangements for monitoring and reporting performance to reflect on whether reports are fit for purpose and contain relevant, informative information useful to stakeholders. Particular consideration should be given, in any future improvements, to the greater use of benchmarking with other JIBs, trend information and reporting by locality.</p>	<p>The performance management arrangements will be further developed to ensure they meet the requirements of IJB stakeholders particularly in relation to benchmarking and improvement actions.</p>	Performance Manager	December 2017	<p>Work is being progressed to ensure this recommendation is completed in December 2017.</p>

No	Report	Recommendation	Management Response	Lead	Timescale	Progress Update
6	Performance Management (Audit Ref.: 0600/2017/002)	<p>Health and Social Care Partnership management should amend relevant reports to ensure that Appendix 1 – Areas for improvement describes:</p> <ul style="list-style-type: none"> <li>▪ proposed actions with timescales;</li> <li>▪ whether these actions are on track;</li> <li>▪ whether they are meeting the trajectory for improvement;</li> <li>▪ alternative actions where proposed actions have not achieved the desired outcome;</li> <li>▪ for targets which have not been met for over a year, a trajectory for improvement should also be described, to allow progress to be assessed.</li> <li>▪ where significant long-term non-performance is forecast, the paper should overtly consider whether the impact is sufficient to require amendment to the JIB Risk Register.</li> </ul>	<p>The performance management arrangements will be further developed to ensure they meet the requirements of IJB stakeholders particularly in relation to benchmarking and improvement actions.</p>	Performance Manager	December 2017	<p>Work is being progressed to ensure this recommendation is completed in December 2017.</p>
7	Performance Management (Audit Ref.: 0600/2017/002)	<p>Health and Social Care Partnership management should ensure that the Performance, Scrutiny and Assurance Sub-Committee receive a report setting out clear timescales for achievement of the requirements of the Scottish Government letter. Reporting of progress and remedial action should take account of the recommendation above in relation to the Chief Executives' quarterly report.</p>	<p>The Performance, Scrutiny and Assurance Sub-Committee will receive progress reports in respect of the six key performance areas highlighted by the Scottish Government to measure the impact of integration.</p>	Performance Manager	November 2017	<p>Work is being progressed to ensure this recommendation is completed in November 2017.</p>

Recommendations – Internal Auditors

Appendix 2 (Cont.)

No	Report	Recommendation	Management Response	Lead	Timescale	Progress Update
8	Performance Management (Audit Ref.: 0600/2017/002)	Health and Social Care Partnership management should ensure that a refreshed set of performance measures and targets in respect of Social Work Services are agreed and that the revised performance arrangements are put in place as soon as possible.	The exercise to refresh the performance measures and targets in respect of Social Work Services is being progressed and the performance arrangements will be updated to reflect these.	Performance Manager	October 2017	Completed.
9	Performance Management (Audit Ref.: 0600/2017/002)	<p>Health and Social Care Partnership management should review current arrangements for recording, collating and calculating the Social Work <i>'percentage of new or increased home support packages which are reablement'</i> indicator ensuring that the detailed guidance:</p> <ul style="list-style-type: none"> <li>▪ provides a clear and unambiguous definition of the indicator;</li> <li>▪ details the sources(s) of information required to prepare the indicator; and</li> <li>▪ documents the methodology by which the indicator should be calculated, including clear instruction on which records/columns in the relevant reports should be included in the calculation.</li> </ul>	The guidance in respect of the reablement indicator will be refreshed.	Performance Manager	December 2017	Work is being progressed to ensure this recommendation is completed in December 2017.



No	Report	Recommendation	Management Response	Lead	Timescale	Progress Update
10	Performance Management (Audit Ref.: 0600/2017/002)	<p>Health and Social Care Partnership management should review current arrangements for recording, collating and calculating the Social Work <i>'complaints processed within timescale'</i> indicator ensuring that a consistent method is applied and that detailed guidance is produced which:</p> <ul style="list-style-type: none"> <li>▪ provides a clear and unambiguous definition of the indicator, including clearly specifying the aspect(s) of the process which are being measured;</li> <li>▪ details the sources(s) of information required to prepare the indicator; and</li> <li>▪ documents the methodology by which the indicator should be calculated and checked/reviewed.</li> </ul>	<p>A new Social Work complaints handling process has been introduced which introduces new timescales and targets. As a result of this new performance measures will require to be developed. We will ensure that the issues noted within this report e.g. clarify of working days, etc is reflected.</p>	<p>Manager, Commissioning and Quality Assurance</p>	<p>December 2017</p>	<p>Work is being progressed to ensure this recommendation is completed in December 2017.</p>
11	Performance Management (Audit Ref.: 0600/2017/002)	<p>Health and Social Care Partnership management should review indicator definition sheets and/or guidance documents to ensure that they provide sufficient detailed information with respect to the calculation of each performance measure. The guidance should provide a clear and unambiguous definition of the indicator including:</p> <ul style="list-style-type: none"> <li>▪ the sources(s) of information required to prepare the indicator; and</li> <li>▪ the methodology by which the indicator should be calculated and checked/reviewed and the personnel involved.</li> </ul>	<p>The guidance/definition sheets will be refreshed to ensure the performance management information is collated on a consistent basis.</p>	<p>Performance Manager</p>	<p>December 2017</p>	<p>Work is being progressed to ensure this recommendation is completed in December 2017.</p>

Ref	Good Governance Control and Continuous Improvement Actions	Lead	Progress Update
1	<p>Ensure a balanced budget is achieved for 2017/2018.</p> <ul style="list-style-type: none"> <li>▪ Continue to ensure the process used for managing budgets and monitoring and achieving identified savings continues to be effective.</li> </ul>	Chief Financial Officer	The 2017/2018 financial projections are being developed as part of the medium to long term plan which will be presented to the IJB following confirmation of the financial settlement from the Scottish Government. Savings options are being developed by the senior management team.
2	<p>In respect of the medium to longer term financial outlook, ensure a financial strategy is developed to maintain a balanced budget.</p> <ul style="list-style-type: none"> <li>▪ Develop a financial strategy which is consistent with the financial planning principles adopted by each partner.</li> <li>▪ Consider investment and disinvestment options in line with the detailed commissioning plan.</li> </ul>	Chief Financial Officer	As above.
3	<p>The role of the IJB members will continue to be developed.</p> <ul style="list-style-type: none"> <li>▪ Implement the recommendations of the external audit review on the role of Board members.</li> <li>▪ Effective training will be delivered to new members.</li> </ul>	Locality Modelling and Organisational Development Lead	Ongoing. Support is currently being developed for new members.
4	<p>Further develop the governance arrangements for the IJB and the partnership to ensure effective controls are in place, best value is secured and outcomes are achieved.</p> <ul style="list-style-type: none"> <li>▪ Establish a good governance group to review the current arrangements and implement best practice.</li> </ul>	Operational Manager	The Good Governance group has been established and will complement the remit of the Resource Planning Group.
5	<p>Further develop the strategic commissioning plan and implement the outcome of the Integrated Service Reviews Board.</p> <ul style="list-style-type: none"> <li>▪ Continue to progress the development of an integrated workforce strategy.</li> <li>▪ Explore opportunities to rely on a wide range of partners to achieve the national health and well being outcomes.</li> <li>▪ Develop a market facilitation plan with our stakeholders.</li> <li>▪ Engage with the North Lanarkshire Community Planning Partnership to better understand how our detailed commissioning plans can contribute to reducing inequalities.</li> </ul>	Head of Planning, Performance and Quality Assurance	Ongoing. Progress report to be presented to the IJB in February 2018.

Ref	Good Governance Control and Continuous Improvement Actions	Lead	Progress Update
6	<p>Health Boards and Integration Authorities will be encouraged to prioritise establishing revised processes for the planning and performance management of delegated hospital functions (set-aside) and associated resources in 2017/18.</p> <ul style="list-style-type: none"> <li>▪ Continue to progress the ‘bed modelling’ exercise to consider how our community facilities can be developed to support the delivery of improved outcomes.</li> <li>▪ Create a plan for future bed requirements, in line with developments around the new Monklands Hospital.</li> </ul>	Chief Financial Officer / Head of Planning, Performance and Quality Assurance	<p>The Chief Financial Officer and the NHSL Director of Finance are considering the options to improve the monitoring arrangements for the hospital acute services.</p> <p>The Head of Planning, Performance and Quality Assurance is progressing the bed modelling exercise to achieve the target of a 10% reduction in the use of unscheduled care beds by March 2019 compared to an April 2016 baseline.</p>
7	<p>Ongoing effectiveness of business continuity plans.</p> <ul style="list-style-type: none"> <li>▪ Spread and share knowledge and good practice across the partnership with a particular focus on the provision of support to those individuals who are taking on new responsibilities within the partnership.</li> </ul>	Operational Manager	Ongoing. In particular, learning from the IT malware incidents is being incorporated into the business continuity plans.
8	<p>Further development of the Performance Management Framework.</p> <ul style="list-style-type: none"> <li>▪ Ongoing review of performance trajectories.</li> </ul>	Head of Planning, Performance and Quality Assurance	A robust Performance Management Framework is in place and continues to be developed.
9	<p>Following a significant amount of engagement with our stakeholders, twenty commissioning intentions have been identified which will be progressed in 2017/2018 and 2018/2019.</p> <ul style="list-style-type: none"> <li>▪ Undertake the preparatory work to scope each of the commissioning intentions.</li> <li>▪ To support the commissioning work, develop eight supporting plans and frameworks.</li> </ul>	Head of Planning, Performance and Quality Assurance	Ongoing. The commissioning intentions will be updated as part of the financial planning process for 2018/2019 and, subject to IJB approval, will reflect the proposals of the Integrated Service Review Board.