

REPORT

Item No: 13

SUBJECT:	Progress Report on Agreed Actions
TO:	Performance, Finance and Audit Committee
Lead Officer for Report:	Chief Officer
Author(s) of Report	Chief Financial Officer
DATE:	25 May 2021

1. PURPOSE OF REPORT

1.1 This paper is coming to the Performance, Finance and Audit (PFA) Committee:

For approval	<input type="checkbox"/>	For endorsement	<input checked="" type="checkbox"/>	For noting	<input type="checkbox"/>
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1.2 This report provides an outline of the actions agreed with the External Auditor, the Internal Auditors and the Senior Management Team to further develop the IJB governance framework. The outcome of the internal audit on the follow up of agreed actions is also reflected in this update.

2. ROUTE TO THE PERFORMANCE, FINANCE AND AUDIT COMMITTEE:

2.1 This paper has been:

Prepared By; Chief Financial Officer	Reviewed By; Chief Officer
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3. RECOMMENDATIONS

3.1 The PFA Committee is asked to agree the following recommendations:

- (1) That the content of the report is noted; and
- (2) That further progress reports will be presented to future meetings of the PFA Committee in respect of the actions which are ongoing.

4. VARIATIONS TO DIRECTIONS

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>
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5. BACKGROUND/SUMMARY OF KEY ISSUES

5.1 Recommendations to further strengthen the IJB governance framework were made by the External Auditor and the Internal Auditors. In addition to this, the Senior Management Team (SMT) also identified further improvement opportunities. These further developments will contribute to the IJB's annual assessment of the governance arrangements.

5.2 The progress of action taken to date is attached at appendices 1 to 3. The actions which are now reported as completed will be removed from the next progress report to the PFA Committee.

6. CONCLUSIONS

6.1 An update on the progress made to date was reported to the PFA Committee on 17 February 2021. Since then, the Internal Audit assignment to follow up the progress of agreed actions has been concluded. The Internal Audit assessment is that further work is required in respect of 4 Internal Audit actions previously reported to the PFA Committee as “completed-overdue”. The position statement in respect of progress in the table below therefore has been updated to reflect the Internal Audit assessment when compared to the original target timescale.

Actions	Total	Actions Completed On time	Actions Completed Overdue	Actions Ongoing On time	Actions Ongoing Overdue
External Audit	9	2	3	1	3
Internal Audit	14	1	2	0	11
Senior Management	9	5	0	0	4
Total	32	8	5	1	18
		25%	16%	3%	56%

6.2 In order to monitor future progress in respect of the revised target timescales for those actions which were not fully implemented or are overdue, the updated position statement is detailed in the table below and will be the basis for future monitoring reports on progress.

Actions	Total	Actions Completed On time	Actions Completed Overdue	Actions Ongoing On time	Actions Ongoing Overdue
External Audit	9	2	3	4	0
Internal Audit	14	1	2	11	0
Senior Management	9	5	0	4	0
Total	32	8	5	19	0
		25%	16%	59%	0%

6.3 The ongoing actions are measured against the revised timeline set out at appendices 1 to 3.

7. IMPLICATIONS

7.1 NATIONAL OUTCOMES

This report relates to all national outcomes as effective governance arrangements will ensure the IJB can fulfil its statutory duties. Good governance enables the IJB to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

7.2 ASSOCIATED MEASURE(S)

The implementation of agreed actions will inform the Annual Governance Statement for 2020/2021 and contribute to the assessment of the internal control framework.

7.3 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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7.4 RISK ASSESSMENT/RISK MANAGEMENT

The risks associated with the achievement of the agreed target timescales has been considered when the update on the current position has been provided.

7.5 PEOPLE

None.

7. IMPLICATIONS (CONT.)

7.6 STAKEHOLDER ENGAGEMENT

As appropriate, the Senior Management Team have been involved in providing progress updates in respect of the implementation of the agreed actions.

7.7 INEQUALITIES & FAIRER SCOTLAND DUTY

EQIA Completed & Fairer Scotland Impact Assessment Form Completed:

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

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

None.

9. APPENDICES

Update on External Audit Actions	Appendix 1
Update on Internal Audit Actions	Appendix 2
Update on Senior Management Actions	Appendix 3



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CHIEF OFFICER (or Depute)

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

Ref	Finding	Recommendation	Management Response	Current Position
1	<p>Disaggregation of children, families and justice social work services.</p> <p>An exercise is ongoing to align the finances with the revised integration scheme over an 18-month period. The work to disaggregate the budgets for some more complex areas where the services cut across delegated and non-delegated services is ongoing. There is a risk that the budget disaggregation exercise extends beyond the 18-month transition period and the IJB financial monitoring reports and accounts do not accurately reflect delegated services in 2020/21.</p>	<p>Original</p> <p>The IJB should monitor progress against the improvement actions identified in the governance statement and the internal audit review in relation to the transfer of children, families and justice services.</p> <p>Internal Audit Follow Up</p> <p>Management should ensure that:</p> <p>(1) the hosting arrangements for the budgets in respect of cross-cutting services are finalised;</p> <p>(2) the hosting arrangements and detail of the disaggregated budgets which have been agreed are submitted to the IJB and to the relevant Council committees (Adult Health and Social Care and Education and Families).</p>	<p>Agreed</p> <p>The budget disaggregation exercise will be concluded in 2020/2021 and a revised direction issued by the IJB to NLC to reflect the total budget transfer in respect of Children, Families and Justice Services and also the hosting arrangements for cross-cutting and support services.</p> <p>Chief Financial Officer Original Timeline: March 2021 Revised Timeline: September 2021</p>	<p>Ongoing – On Time</p> <p>The budget disaggregation exercise has been concluded.</p> <p>The revised IJB direction to NLC issued on 23 March 2021 excludes the total budget transfer in respect of Children, Families and Justice Services.</p> <p>Work is progressing in respect of the hosting arrangements for cross-cutting and support services.</p>

Update on External Audit Actions (Cont.)

Appendix 1 (Cont.)

Ref	Finding	Recommendation	Management Response	Current Position
2	<p>Financial Management Financial monitoring reports do not provide a forecast of the outturn position for health care services until towards the end of the year and the accuracy of forecasts could improve. The timing of meetings and availability of information means that the IJB is not receiving a financial monitoring report until five months into the year. There is a risk that financial pressures are not identified and managed in a timely manner.</p>	<p>The CFO should continue to work with partners to improve the timing of financial reporting and outturn forecasts.</p>	<p>Agreed In consultation with both partners, further improvements will be implemented to the IJB financial monitoring arrangements to ensure the financial information is reported timeously and forecast projections are accurate. It is noted however that the financial implications of the Covid-19 pandemic have increased the financial uncertainty for the IJB and both partners.</p> <p>Chief Financial Officer Original Timeline: September 2021</p>	<p>Ongoing – On Time Both partners provided projected outturns as at 31 March 2021 which were presented to the IJB PFA Committee on 17 February 2021. There were particular challenges in 2020/2021 as a result of the Covid-19 pandemic including uncertainty about the impact of the pandemic on services, in particular the step up / step down of services, and uncertainty about the additional Scottish Government funding available. Notwithstanding these challenges, projected outturns were provided by each partner based on current available information.</p>

Update on External Audit Actions (Cont.)

Appendix 1 (Cont.)

Ref	Finding	Recommendation	Management Response	Current Position
3	<p>Hosted service The management of financial resources for hosted services is agreed in principal each year. The accounting policy is clear that the host is responsible for managing the overspends and underspends on these services and this is how the hosted services are being managed in practice, but this is not set out in a formal agreement for future years. There is a risk that this becomes an area of dispute.</p>	<p>The IJB should set out the arrangements that exist in practice for the management of financial risk for hosted services on a permanent basis.</p>	<p>Agreed The financial arrangements for hosted services will be reviewed and will take into consideration the practical experience to date of the current hosted services principals. Following the review, the hosted services arrangements will be set out in a formal agreement to be approved by the North Lanarkshire IJB and the South Lanarkshire IJB.</p> <p>Chief Financial Officer Original Timeline: September 2021</p>	<p>Ongoing – On Time Work on this action is being progressed.</p>
4	<p>2020/21 budget The 2020/21 budget included £3.5 million unidentified savings and due to Covid-19 significant revisions may be required. There is a risk that the budget is unachievable without further identified savings.</p>	<p>The 2020/21 budget should be reviewed due to Covid-19 and clear actions identified to address any funding gap.</p>	<p>Agreed In consultation with both partners, the IJB Financial Plan 2020/2021 will be reviewed and action taken to ensure a balanced budget is achieved by 31 March 2021. This will also require confirmation of the additional costs incurred as a result of the Covid-19 pandemic, the additional Scottish Government funding provided in 2020/2021 and the extent of unfunded costs, if any, as a result of the pandemic. The IJB will continue to be kept up-to-date with the emerging guidance from the Scottish Government in respect of the management of the Covid-19 costs incurred.</p> <p>Chief Financial Officer Original Timeline: March 2021</p>	<p>Complete The Financial Monitoring Report on the IJB Performance, Finance and Audit Committee agenda for the 17 February 2021 provided an update on the year-end financial position for 2020/2021. This update confirmed that the funding available would be sufficient to meet the expenditure incurred in 2020/2021. Subject to agreement with the Scottish Government, funding is also available to pro-actively plan the recovery response to the ongoing Covid-19 pandemic in 2021/2022.</p>

Update on External Audit Actions (Cont.)

Appendix 1 (Cont.)

Ref	Finding	Recommendation	Management Response	Current Position
5	<p>Medium to long term financial plan The IJB now has a medium to long term financial plan that spans the period 2020/21 to 2029/30 but this will need to be updated to reflect the impact of Covid-19 and EU withdrawal. There is a risk that the financial planning assumptions in the medium to long term financial plan may be inaccurate.</p>	<p>Original The IJB's medium to long term financial plan should be reviewed due to the impact of Covid-19 and EU withdrawal.</p> <p>Internal Audit Follow Up Management should ensure that revised timescales are adopted and appropriate action is taken to address the outstanding issues as listed.</p>	<p>Agreed The IJB medium to long term financial plan will be reviewed to reflect the impact of the Covid-19 pandemic, EU withdrawal and other emerging health and social care cost pressures. The potential impact on the Scottish Government financial settlements both in-year and in future years will also be assessed.</p> <p>Chief Financial Officer Original Timeline: March 2021 Revised Timeline: March 2022</p>	<p>Ongoing – On Time The key principles of the IJB Medium to Long Term Financial Plan was included on the IJB Performance, Finance and Audit Committee agenda for the 17 February 2021.</p> <p>Further work is being progressed to develop the IJB Medium to Long Term Financial Plan following the Scottish Government financial settlement in January 2021. This will take into consideration the financial implications of Covid-19 and the emerging issues in respect of EU withdrawal.</p>

Ref	Risk Management Maturity Audit Report <i>Adequate Assurance (Audit Ref: NL04/18)</i>	Recommendations / Management Response	Current Position
1	<p>Although the IJB has agreed and is implementing a procedure with the Health Board for considering shared risks, this is not reflected in the Risk Management Strategy (RMS). Similar arrangements have not been established with the Local Authority.</p> <p>There is a risk that the IJB and Council may not have a shared approach to these risks and escalation between the two bodies may be ineffective. The RMS does not reflect actual practice. (Priority: Amber)</p>	<p>Original A similar approach to that adopted between the IJB and Health Board will be discussed and agreed with the Local Authority. The RMS will also be updated to reflect the revised arrangements.</p> <p>Internal Audit Follow Up Management should ensure that revised timescales are adopted and appropriate action is taken to address the outstanding issues as listed.</p> <p>Original Responsible Officer: Chief Officer Original Timeline: March 2020</p> <p>Revised Responsible Officer: Head of Adult Social Work Services Revised Timeline: March 2022</p>	<p>Ongoing – On Time A report on the risk register was included on the IJB agenda on 24 March 2020. A further report was considered by the IJB on 22 September 2020.</p> <p>The RMS continues to be updated and a further comprehensive review of shared risks will be completed by 31 March 2021.</p> <p>The review of the Risk Management Strategy has been delayed due to Covid-19 but will be undertaken in 2021. Updates to the RMS will be reported to and approved by the IJB and both partners as appropriate.</p>

Update on Internal Audit Actions (Cont.)

Appendix 2 (Cont.)

Ref	Risk Management Maturity Audit Report <i>Adequate Assurance (Audit Ref: NL04/18)</i>	Recommendations / Management Response	Current Position
2	<p>Whilst the Risk Register is subject to continuous review and is updated regularly, there has not been a fundamental review involving all IJB members and referencing partner body Risk Registers.</p> <p>The Risk Register may not take into account the knowledge and views of all IJB members and the lessons learned from updating the Strategic Commissioning Plan. (Priority: Amber)</p>	<p>Agreed A specific Board Development Event will be organised to review the Risk Register which will take into account lessons learned from the production of the Strategic Commissioning Plan, including potential obstacles to its delivery. The relevant risks from NL, NHSL and SL Risk Registers will also be considered.</p> <p>Original Responsible Officer: Operational & Business Manager Original Timeline: March 2020</p> <p>Revised Responsible Officer: Head of Performance, Planning and Quality Assurance Revised Timeline: June 2021</p>	<p>Ongoing – On Time (Note: Previously reported as Completed – Overdue) The development event on risk was undertaken at the IJB Liaison Group in March 2020 and, as highlighted in response to action 2 above, the review of the IJB Risk Register has been completed.</p> <p>The current IJB Risk Register was approved on 9 December 2020. It includes the strategic risks in respect of the Strategic Commissioning Plan 2020/2023 and also references the partner’s risks, as appropriate.</p> <p>Internal Audit Comment Internal Audit consider that the revisions to the Risk Register only considered strategic financial risks - other risks associated with the strategic planning role of the IJB have still to be fully developed.</p> <p>Management should ensure that risks associated with the strategic planning role of the IJB, and in particular those associated with the Strategic Commissioning Plan 2020/2023, are developed and the IJB Risk Register updated to reflect these.</p>

Update on Internal Audit Actions (Cont.)

Appendix 2 (Cont.)

Ref	Risk Management Maturity Audit Report <i>Adequate Assurance (Audit Ref: NL04/18)</i>	Recommendations / Management Response	Current Position
3	<p>There is little evidence that management actions and controls are effectively reducing the risk levels and six risks are above appetite. Controls (the measures which reduce risk to its current level) and actions (measures which are intended to reduce the risk to its target level) are not differentiated within the Risk Register and there is currently no overt assurance on their effectiveness. The forthcoming assurance mapping exercise may be helpful in this regard but will require to be updated regularly. There is a risk that the PFA Committee may not be able to assure itself that controls are operating effectively nor that there is a realistic prospect of target risk scores being achieved. (Priority: Amber)</p>	<p>Agreed Controls and actions should be differentiated and assurance received on both. The forthcoming assurance mapping exercise may be helpful in this regard but will require to be updated regularly.</p> <p>Further clarification of controls and actions will be developed and included in future reports to the IJB.</p> <p>Operational & Business Manager Original Timeline: March 2020 Revised Timeline: June 2021</p>	<p>Ongoing – On Time (Note: Previously reported as Completed – Overdue) The development event on risk was undertaken at the IJB Liaison Group in March 2020 and, as highlighted in response to action 2 above, the review of the IJB Risk Register has been completed.</p> <p>The ongoing review of the IJB Risk Register considers the risk appetite, the controls and the mitigating actions.</p> <p>Internal Audit Comment Ongoing - testing highlighted that there is still no differentiation between controls and actions in the Risk Register.</p> <p>Management should ensure that the mitigating controls and further actions required are differentiated within the Risk Register.</p>

Update on Internal Audit Actions (Cont.)

Appendix 2 (Cont.)

Ref	Risk Management Maturity Audit Report <i>Adequate Assurance (Audit Ref: NL04/18)</i>	Recommendations / Management Response	Current Position
4	<p>The PFA Committee does not receive an annual assurance report on risk management and there are no defined KPIs or performance measures for risk management.</p> <p>There is a risk that the PFA Committee may not be able to conclude on the overall adequacy and effectiveness of Risk Management arrangements. (Priority: Amber)</p>	<p>Agreed An appropriate methodology for assessing the adequacy and effectiveness of risk management arrangements will be developed. This will include suitable KPIs and performance measures.</p> <p>Internal Audit Follow Up Management should ensure that revised timescales are adopted and appropriate action is taken to address the outstanding issues as listed.</p> <p>Performance Manager Original Timeline: March 2020 Revised Timeline: March 2022</p>	<p>Ongoing – On Time An appropriate methodology for assessing the adequacy and effectiveness of risk management arrangements will be developed. This will include suitable key performance indicators and performance measures.</p> <p>Performance indicators are being considered as part of the current review of the HSCP's performance framework.</p>

Update on Internal Audit Actions (Cont.)

Appendix 2 (Cont.)

Ref	Risk Management Maturity Audit Report <i>Adequate Assurance (Audit Ref: NL04/18)</i>	Recommendations / Management Response	Current Position
5	<p>Board and PFAC papers do not routinely report on the Risk Management implications of the issues raised.</p> <p>Decisions may not fully reflect Risk Management considerations. The risk register may not reflect issues highlighted within performance management and other assurance reports.</p> <p>IJB and PFAC papers should contain a section on risk which considers whether issues raised should be included within the risk register and overtly reflect the impact on any existing strategic risks. Performance reports should reference relevant strategic risks and assess whether scores are accurate and whether actions intended to reduce risk to target level are on track. (Priority: Amber)</p>	<p>Agreed The format and content of IJB and PFAC reports will be reviewed to ensure that the management of risks is transparent and effective.</p> <p>Original Responsible Officer: Operational & Business Manager Original Timeline: March 2020</p> <p>Revised Responsible Officer: Chief Officer Revised Timeline: June 2021</p>	<p>Ongoing – On Time (Note: Previously reported as Completed – Overdue) As above, the review of the IJB Risk Register has been concluded, an assessment of risks, current and emerging, is undertaken at the end of each PFAC and IJB meeting and the new reporting template has been implemented which includes a specific section on risk assessment and risk management implications.</p> <p>Internal Audit Comment Ongoing - testing highlighted a high proportion of reports submitted to IJB/PFAC where the revised template has not been used.</p> <p>Management should remind all relevant staff that the new reporting template should be used for reports submitted to the Performance, Finance and Audit Committee and the sections on risk assessment and risk management implications should be populated for all relevant strategic risks.</p>

Ref	Performance Management Audit Report <i>Adequate Assurance (Audit Ref: 0600/2019/004)</i>	Recommendations / Management Response	Current Position
6	<p>Improvements are needed to the way in which performance information is reported to better enable Committee members' to exercise effective oversight, scrutiny and challenge. It is considered there is scope for significant improvement in what and how this information is presented.</p> <p>There is a risk that the IJB may not provide adequate performance information to key stakeholders to enable them to make informed decisions and recommend remedial actions to address concerns arising. The IJB Performance, Finance and Audit Committee may not therefore be in a position to fulfil its remit which includes the requirement to <i>'Review quarterly performance and recommend remedial action to address concerns'</i> and to <i>'Ensure effective arrangements are in place to register all performance and operational risks'</i>. (Priority: Amber)</p>	<p>Agreed</p> <p>Management will undertake a formal review of the current arrangements for monitoring and reporting performance to reflect on whether reports are fit for purpose and contain relevant, comprehensive information useful to stakeholders. This could include comparison with other IJB published reports. Particular consideration should be given to the following areas:</p> <ul style="list-style-type: none"> ▪ an overview of all indicators on the performance scorecard including a mechanism to provide an update on indicators previously reported but now considered satisfactory; ▪ proposed actions with timescales, progress with these and how effective they are; ▪ greater use of benchmarking with other IJBs and trend information; and ▪ incorporating reporting by locality. <p>Internal Audit Follow Up</p> <p>Management should ensure that revised timescales are adopted and appropriate action is taken to address the outstanding issues as listed.</p> <p>Performance Manager Original Timeline: January 2020 Revised Timeline: March 2022</p>	<p>Ongoing – On Time</p> <p>Ongoing - An annual review of our current reporting arrangements has commenced with a view to reaching agreement on a new suite of indicators and targets for 2020/2021. The review commenced before January 2020 and it was expected that the outcome of the review would be concluded by 31 March 2020. This has been rescheduled to 31 March 2021 because of the Covid-19 pandemic and will be the subject of a report to the IJB before the end of the financial year.</p> <p>The report will include details of future arrangements for improved action planning, benchmarking activity and locality improvement planning.</p>

Update on Internal Audit Actions (Cont.)

Appendix 2 (Cont.)

Ref	Performance Management Audit Report <i>Adequate Assurance (Audit Ref: 0600/2019/004)</i>	Recommendations / Management Response]Current Position
7	<p>The annual performance report whilst generally compliant does not meet all minimum requirements set out in the relevant Scottish Government guidance and could be further developed.</p> <p>A number of areas were identified where improvements could be made. In particular, consideration needs to be given to ensuring reports are easily understood by a wide audience and presented in a way that is 'clear for non-experts'. On reviewing the report and those of other IJBs, internal audit concluded that the North Lanarkshire Health and Social Care Partnership Annual Report 2018/19 did not meet this expectation.</p> <p>There is a risk that the IJB may fail to ensure that it complies with the relevant guidance. Information may not be sufficient to support effective decision-making and/or effective scrutiny and oversight by key stakeholders. (Priority: Amber)</p>	<p>Agreed Management will ensure that, going forward, consideration is given to the issues detailed at Appendix 3 to enhance and improve the current format of the Annual Performance Report.</p> <p>Internal Audit Follow Up Management should ensure that when preparing the 2020/2021 Annual Report all expected areas are included and that where they are not there is a clear rationale for them being omitted.</p> <p>Performance Manager Original Timeline: June 2020 Revised Timeline: November 2021</p>	<p>Ongoing – On Time (Note: Previously reported as Completed – Overdue) The Annual Performance Report 2019/2020 was approved at the IJB meeting on 22 September 2020 and is now complete, graphically designed and available on the website.</p> <p>Internal Audit Comment There were three issues included in Appendix 3 of the report which Internal Audit consider have not been actioned/addressed in the Annual Performance Report 2019/2020. These were:</p> <ol style="list-style-type: none"> (1) little or no information was provided with regards to the wider performance management framework; (2) detail was not included in respect of recommendation made by the Care Inspectorate or action taken to address these; (3) and the Annual Report did not include a glossary of terms for non-experts.

Update on Internal Audit Actions (Cont.)

Appendix 2 (Cont.)

Ref	Performance Management Audit Report <i>Adequate Assurance (Audit Ref: 0600/2019/004)</i>	Recommendations / Management Response]Current Position
8	<p>There is no formal record of the setting and approval of targets and trajectories for indicators on the performance scorecard. Internal Audit noted that targets and trajectories for underlying performance measures are discussed and agreed at the Chief Executives' Performance Review meetings but no formal record of this is retained. There is therefore no formal documented record or clear rationale for the targets and trajectories set. (Priority: Amber)</p>	<p>Agreed Management should ensure that a formal record is retained detailing the rationale for and approval of the targets and trajectories set for the indicators on the performance scorecard and this information should be shared with the Performance, Finance and Audit Committee.</p> <p>Internal Audit Follow Up Management should ensure that revised timescales are adopted and appropriate action is taken to address the outstanding issues as listed.</p> <p>Performance Manager Original Timeline: October 2019 Revised Timeline: March 2022</p>	<p>Ongoing – On Time An annual review of the current reporting arrangements was commenced with a view to reaching agreements on a new suite of indicators and targets for 2020/2021. It was anticipated that the outcome of this work would have been concluded, however, due to the Covid-19 pandemic it has been rescheduled and will recommence in 2021/22.</p>

Update on Internal Audit Actions (Cont.)

Appendix 2 (Cont.)

Ref	Performance Management Audit Report <i>Adequate Assurance (Audit Ref: 0600/2019/004)</i>	Recommendations / Management Response	Current Position
9	<p>There were a number of issues identified with regards the methodology and calculation of the Social Work indicator 'Integrated Equipment and Adaptations Service – percentage of deliveries achieved within 7 working days'. The guidance/definition sheet for this particular indicator is not clear or comprehensive. There is a risk that the expected methodology may not be clearly understood or consistently applied, which increases the risk that reported performance information may be inconsistently prepared, inaccurate and/or misleading. (Priority: Green)</p>	<p>Agreed Management should review current arrangements for recording, collating and calculating this Social Work indicator to ensure that:</p> <ul style="list-style-type: none"> ▪ a clear, detailed and unambiguous definition of the indicator is documented; ▪ the guidance/definition sheet contains clear and detailed instructions on the methodology to be used in calculating the indicator; and ▪ a full record of all adjustments/exclusions is retained. <p>Original Responsible Officer: Service Manager Original Timeline: October 2019</p> <p>Revised Responsible Officer: Head of Adult Social Work Services Revised Timeline: March 2022</p>	<p>Ongoing – On Time All arrangements for recording, collating and calculating are under the review.</p> <p>As above, it was anticipated that the outcome of this work would have been concluded, however, this has been rescheduled as a result of the Covid-19 pandemic.</p> <p>An update on progress will be reported to a future meeting.</p>

Update on Internal Audit Actions (Cont.)

Appendix 2 (Cont.)

Ref	Financial Due Diligence Audit Report <i>Adequate Assurance</i>	Recommendations / Management Response <i>(Audit Ref: 0700/2020/003)</i>	Current Position
10	<p>Management need to formalise and agree the proposed arrangements for those services with a 'cross cutting function', to be hosted by either Health and Social Care or Education and Families, and following the approval of the IJB and NLC, to finalise and process the agreed transfer of the remaining cost centres, in relation to the disaggregation of Children, Families and Justice Social Work Services, and their resultant budget. (Priority: Amber)</p>	<p>Agreed. IJB management will:</p> <ol style="list-style-type: none"> (1) liaise with relevant Council officers to ensure that the transfer of the remaining cost centres, and the resultant resources transferred, are agreed/completed as a matter of urgency; (2) in conjunction with Education and Families, determine, agree and fully document the proposed arrangements for those functions to be 'hosted' by Education and Families and accessed by Adult Health and Social Work Services and vice versa, including giving consideration as to whether there should be a recharge system; (3) in conjunction with relevant Council officers, ensure that both the IJB and NLC approve the proposed 'hosting' arrangements for the budgets in respect of the cross-cutting services; and (4) liaise with the Council to resolve any other outstanding issues with regards to the disaggregation of Children, Families and Justice Services' budgets and the treatment thereof. <p>Internal Audit Comment Management should ensure that:</p> <ol style="list-style-type: none"> (1) the hosting arrangements for the budgets in respect of cross-cutting services are finalised; (2) the hosting arrangements and detail of the disaggregated budgets which have been agreed are submitted to the IJB and to the relevant Council committees (Adult Health and Social Care and Education and Families). <p>Original Responsible Officer: Chief Officer Original Timeline: October 2020</p> <p>Revised Responsible Officer: Chief Financial Officer Revised Timeline: September 2021</p>	<p>Ongoing – On Time Work is progressing.</p> <p>The SLA for the future hosting arrangements and associated budgets will come to the IJB by the revised deadline of September 2021 and via the Adult Health and Social Care Committee and Education and Families Committee.</p> <p>An update on progress will be reported to a future meeting of the Performance, Finance and Audit Committee.</p>

Update on Internal Audit Actions (Cont.)

Appendix 2 (Cont.)

Ref	Financial Due Diligence Audit Report <i>Adequate Assurance (Audit Ref: 0700/2020/003)</i>	Recommendations / Management Response	Current Position
11	<p>There is a need for a more formal record of the methodology adopted for disaggregation/the resultant figures/cost centres being transferred from Health and Social Care to Education and Families and the associated risks as a result of changes to the Integration Scheme to be formally reported to key stakeholders (i.e. the IJB and relevant Council Committee). (Priority: Amber)</p>	<p>Agreed IJB management should, in conjunction with relevant Council officers, ensure that a report is submitted to the IJB setting out the methodology for the disaggregation of cost centres and budgets associated with Children, Families and Justice Social Work Services, detailing the implications of the full disaggregation.</p> <p>Internal Audit Comment Management should ensure that: (1) the hosting arrangements for the budgets in respect of cross-cutting services are finalised; (2) the hosting arrangements and detail of the disaggregated budgets which have been agreed are submitted to the IJB and to the relevant Council committees (Adult Health and Social Care and Education and Families).</p> <p>Original Responsible Officer: Chief Officer Original Timeline: October 2020</p> <p>Revised Responsible Officer: Chief Financial Officer Revised Timeline: September 2021</p>	<p>Ongoing – On Time Ongoing - The SLA for the future hosting arrangements and associated budgets will come to the IJB by September 2021 and via the Adult Health and Social Care Committee and Education and Families Committee.</p> <p>An update on progress will be reported to a future meeting of the Performance, Finance and Audit Committee.</p>

Ref	Annual Governance Statement Continuous Improvement Actions	Current Position
1	<p>Implementation of the outcome of the Review of the Integration Scheme.</p> <p>Chief Officer April 2019 to March 2021</p>	<p>Complete</p> <ul style="list-style-type: none"> ▪ Improvement actions have been agreed following the outcome of each of the seven work streams. ▪ Update reports will be presented to future meetings of the IJB to advise of progress as appropriate. ▪ Further update report to February 2021 PFA outlining progress against all actions.
2	<p>Further consideration of the Ministerial Strategic Group (MSG) proposals.</p> <p>Original Responsible Officer: Chief Officer Original Timeline: March 2021</p> <p>Revised Responsible Officer: Chief Officer Revised Timeline: March 2022</p>	<p>Ongoing – On Time</p> <ul style="list-style-type: none"> ▪ A range of actions have been agreed across the partnership to take forward the MSG proposals. ▪ Two of the outstanding actions relate to the finance workstream. This includes a review of the support arrangements for the Chief Financial Officer and the link between strategic and operational finance. The Chief Officer and Chief Financial Officer will progress these actions in 2020/21. ▪ The MSG had previously indicated that a second self-evaluation will be undertaken in 12 months to assess progress. It is expected the follow up will be rescheduled due to the Covid-19 pandemic. ▪ Update reports will be presented to the IJB to advise of progress as appropriate. ▪ Further update report to February 2021 PFA outlining progress against all actions. <p>Internal Audit Follow Up Management should ensure that revised timescales are adopted and appropriate action is taken to address the outstanding issues as listed.</p>

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3	<p>Review the IJB governance arrangements</p> <p>This will include the review of the following:</p> <ul style="list-style-type: none"> ▪ IJB joint internal audit arrangements ▪ IJB Code of Corporate Governance ▪ IJB emergency response arrangements and ▪ the further development of the IJB website. <p>Original Responsible Officer: Chief Financial Officer Original Timeline: March 2021</p> <p>Revised Responsible Officer: Chief Financial Officer Revised Timeline: March 2022</p>	<p>Ongoing – On Time Work is progressing.</p> <ul style="list-style-type: none"> ▪ The Audit and Risk Manager (North Lanarkshire Council) and the Chief Internal Auditor (NHS Lanarkshire) have concluded that reasonable assurance can be placed upon the adequacy and effectiveness of the North Lanarkshire Health and Social Care Integration Joint Board’s framework of governance, risk management and internal control for the year ended 31 March 2021. ▪ The review of the joint internal audit arrangements is concluded and improvements have been implemented including additional dedicated NHSL internal audit resources and the preparation of the Internal Audit Plan earlier in the financial year to allow work to be progressed. The Internal Audit Opinion for 2020/2021 was agreed on a joint basis. ▪ The review of the North Lanarkshire Integration Scheme, which included consideration of governance arrangements, concluded in June 2019. The governance structure moving forward proposes the key interfaces around clinical and care governance. ▪ The understanding of the governance requirements underpinning health and social care integration is developing including an increased awareness of decision-making responsibilities. ▪ The further development of collaborative leadership and building relationships with key stakeholders continue to be key improvement actions. <p>Internal Audit Follow Up Management should ensure that revised timescales are adopted and appropriate action is taken to address the outstanding issues as listed.</p>

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4	<p>Continue to develop the financial framework.</p> <p>This will include the review of the following:</p> <ul style="list-style-type: none"> ▪ IJB Medium to Long Term Financial Strategy ▪ IJB Financial Plan 2020/2021 ▪ IJB Financial Regulations ▪ IJB financial monitoring reports ▪ IJB reserves strategy ▪ the alignment of resources to partner directions and locality needs and ▪ finance capacity. <p>Original Responsible Officer: Chief Financial Officer Original Timeline: March 2021</p> <p>Revised Responsible Officer: Chief Financial Officer Revised Timeline: March 2022</p>	<p>Ongoing – On Time Work is progressing.</p> <ul style="list-style-type: none"> ▪ The Commissioning Framework 2019 to 2021 was approved by the IJB on 26 March 2019 and a budget was set for 2019/2020, including savings plans. ▪ The budget recovery plan was implemented and addressed cost pressures in-year. ▪ An audit trail has also been developed to aid financial management reporting and transparency. ▪ The North Lanarkshire Integration Scheme has been reviewed. ▪ The medium to long term financial strategy was developed. ▪ The action plan in respect of the MSG self-evaluation is being implemented. ▪ The IJB approved an updated process for managing directions in September 2020, setting out when directions should be issued and noting the importance of being clear on resources associated. This is in line with the updated Scottish Government guidance. <p>Internal Audit Follow Up Management should ensure that revised timescales are adopted and appropriate action is taken to address the outstanding issues as listed.</p>

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5	<p>Finalise the budget transfer from the IJB to NLC, in line with the revised Integration Scheme</p> <p>This will include the following:</p> <ul style="list-style-type: none"> ▪ the conclusion of the budget disaggregation exercise for the transfer of the remaining cost centres and their resultant budgets ▪ the finalisation of the Service Level Agreement including the arrangements for those services with a 'cross cutting function' ▪ the issue of a revised direction to reflect the 2020/2021 financial allocations <p>Original Responsible Officer: Chief Officer Original Timeline: September 2020</p> <p>Revised Responsible Officer: Chief Financial Officer Revised Timeline: September 2021</p>	<p>Ongoing – On Time The budget disaggregation exercise has been concluded.</p> <p>Reports which set out the formal Service Level Agreement hosting arrangements are being prepared for the Adult Health and Social Care Committee and Education and Families Committee of NLC and the IJB for approval by 30 September 2021. These reports will also include the detail of the disaggregated budgets which have been agreed.</p> <p>Internal Audit Comment Management should ensure that:</p> <ol style="list-style-type: none"> (1) the hosting arrangements for the budgets in respect of cross-cutting services are finalised; (2) the hosting arrangements and detail of the disaggregated budgets which have been agreed are submitted to the IJB and to the relevant Council committees (Adult Health and Social Care and Education and Families).