



DUMFRIES AND GALLOWAY  
**Health and Social Care**

## Internal Audit

# FINAL REPORT

## IJB Governance Arrangements

### IJB-01-17

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<b>Auditor:</b>	Kelly Armstrong
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<b>Distribution:</b>	
<b>For Action (Key Contact):</b>	Katy Lewis
	Julie White
<b>For Information:</b>	Penny Halliday
	Andy Ferguson
	Ian Carruthers
	Laura Douglas

### Summary of Audit Findings

The table below summarises the grades of audit recommendations as they sit against each of the audit objectives.

Audit Objective	Recommendations			
	A Low risk	B Medium risk	C High risk	D Very High Risk
To establish the processes around the preparation of the IJB Strategic Plan.	-	-	-	-
To confirm that the requirements for a post-implementation review have been met.	1	-	-	-
To establish the assurance arrangements for the key strands of governance.	1	3	2	-
To establish the arrangements for risk management and performance management monitoring and reporting.	-	1	1	-

<b>Level of assurance</b>	<b>Moderate</b>
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### Introduction

#### 1. Audit Scope

To provide assurance that the governance, assurance, risk and performance management arrangements for the Integration Joint Board meet relevant guidance and providing required assurances.

#### 2. Audit Objectives

- 2.1 To establish the processes around the preparation of the IJB Strategic Plan.
- 2.2 To confirm that the requirements for a post-implementation review have been met.
- 2.3 To establish the assurance arrangements for the key strands of governance.
- 2.4 To establish the arrangements for risk management and performance management monitoring and reporting.

#### 3. Overview

The audit of Integration Joint Board (IJB) governance arrangements was approved by the IJB's Audit and Risk Committee for 2016/17 with an aim to provide assurances that the governance, assurance, risk and performance management arrangements meet relevant guidance and provide required assurances.

The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) set out in legislation the vision for health and social care integration in Scotland. Locally, this is a body corporate model operating as a statutory body commissioning services from Dumfries and Galloway Council and NHS Dumfries and Galloway to deliver adult health and social care to the local community. Being a statutory body the IJB has its own governance framework to support its functions and to deliver assurances in meeting the objectives of the Health and Social Care Strategic Plan for Dumfries and Galloway. For other NHSScotland Boards this has resulted in the creation of multiple IJB's where there is more than one Local Authority in the Health Board area. The alternative model as progressed by NHS Highland is the lead agency model where this Health Board assumed the management and control of Social Work Services in its entirety.

2016/17 was the first full year for the IJB following the shadow year during which time governance structures were to be established and a number of workstreams were created to support this work. A series of regulations and guidance documents have been produced in support of integration to assist Boards in establishing the IJB although noting the complexities of accountability and the impact of change on organisations and their workforces in moving to a fully integrated model. Not all guidance documents deliver a concise direction to IJB's and are open to local interpretation.

This audit reviewed governance arrangements established in support of the IJB to provide an opinion on the delivery of assurance and performance in accordance with applicable legislation, regulations and guidance.

#### **4. Approach**

In reviewing governance arrangements of the IJB, audit testing was conducted with consideration to strategic planning, post-implementation review, assurance arrangements and risk and performance management. Supporting evidence was obtained from discussion with personnel key to integration to include voting and non-voting IJB members, along with access to local policies and procedures, papers and minutes from meetings of the IJB and its committees. Audit work aimed to engage with both partner organisations in presenting a well rounded opinion and whilst this is felt to be so, not all those approached engaged in the audit process.

### **Previous Audit**

#### **5. Previous Findings**

No previous audit of IJB Governance Arrangements has been undertaken.

### **Current Audit**

#### **6. Audit Findings**

Current audit findings are structured in accordance with the audit approach to address:

- Strategic Planning
- Post-implementation Review
- Assurance Arrangements
- Risk and Performance Management

Recommendations made with a view to enhancing practices are detailed in Section 10 - Management Action Plan.

## 6.1 Strategic Planning

The Act sets out the requirements for strategic planning for health and social care integration. In summary, the strategic plan demonstrates the Integration Authority's commitment to the achievement of the national health and well-being outcomes and integration delivery principles.

Section 32 of the Act sets out the requirement for the IJB to establish a Strategic Planning Group (SPG) in support of the planning process. The SPG was established in February 2015.

During the period February to August 2015 a Strategic Needs Assessment (SNA) was conducted to inform planning including that at a locality level. A full timeline of events up to the presentation of the final plan to the IJB for agreement is documented in the appendices of the Strategic Plan as part of the statement of consultation. The SNA provided an insight into the demographics of the region and through evidence gathering identified emerging themes to be addressed; it does not offer solutions to issues but pulls together evidence and information to support where change is required. Consultation on the strategic plan is published in the strategic plan statement of consultation as required under section 33(2) of the Act and demonstrates the level of engagement with key stakeholder groups.

Following the consultation process, the Strategic Plan was agreed by the IJB in March 2016 along with the Locality Plans. The plan itself maps the nine national health and well-being outcomes, ten priority outcomes and local commitments which will inform performance monitoring. From these, the commitments specific to each locality have been identified for ongoing monitoring.

The membership of the SPG draws representation from across the health and social care partnership the full details of which along with the terms of reference are published on the dg-Change website. The guidance and advice to supplement the Public Bodies (Joint Working) (Integration Joint Board) (Scotland) Order 2014 – Roles, Responsibilities and Membership of the IJB states;

*"...the work of the strategic planning group does not end with the publication of the strategic plan. After the strategic plan is published, the strategic planning group will continue to review progress of the plan, measured against the statutory outcomes for health and wellbeing, and associated indicators."*

From discussion it was concluded that the SPG will have an ongoing role in the review of the Strategic Plan and that a process is being developed in support of this for consideration by the IJB. It was also evidenced that a series of sessions took place in December 2016 with the members of the SPG where it was agreed that the group would be convened as required. Engaging electronically in the first instance, the expectation is that the group could meet 2-3 times a year.

Audit work in the area of strategic planning was not concentrated on the content or adequacy of the plan and supporting documents but rather the process followed in meeting regulatory requirements. All documentation supporting the strategic planning approach in accordance with the Act is openly available in the public domain.

## 6.2 Post-implementation Review

Guidance in support of financial governance and assurance for health and social care integration published by the Integrated Resources Advisory Group sets out the requirements for partner agencies to undertake due diligence pre-integration and further stressed the importance of this process in updated guidance published in 2015. Supplementary guidance was published in support of the financial assurance process for the IJB both pre and post-integration; Guidance for Integration Financial Assurance in summary addresses;

- Obtaining assurance that resources are adequate to allow it to carry out its functions and to assess associated risks;
- Assessing the financial plan against actual expenditure reported in the management accounts for the most recent two/three years, and;
- Advised that a review be carried out during the post-integration period to compare actual performance against the assumptions in the plan.

A post-integration report was to be prepared within the first year of establishment of the IJB evaluating actual risk and financial performance against pre-integration assumptions and that this should be shared with the Scottish Government for wider learning although noting the use of the phraseology “should”. Guidance requests that this is done by the Chief Internal Auditors of the partner agencies although from discussion it was agreed locally that involvement of Internal Audit would be in a verification role and that Pricewaterhouse Coopers (PwC), the External Auditors representing both partner agencies at the time, would undertake assurance work.

In meeting these stipulations the following sets out the timeline of reporting;



In addition, quarterly financial performance reports have been presented to the IJB with ongoing oversight through the Performance and Finance Committee.

In comparison to published guidance and in accordance with the evidence obtained, the due diligence process was executed in terms of assessing the financial plan against three previous years accounts and identifying the financial risks. This work was predominantly conducted in-house with only phase one of the PwC’s work completed. Post-integration in May 2017, a report to the IJB detailed 2016/17 financial performance against that budgeted, detailed variances and identified risks moving into 2017/18.

From direct reference to the reports to the IJB in March and May 2016 there are outstanding actions to which no further update could be found, these are;

- “A report, concluding with an assurance statement commenting on the robustness and achievability of the budget, will be issued once the process [due diligence] has been completed.”
- “Plans for further potential additional due diligence work will be progressed in early 2016/17.”

This presents a gap in the due diligence process in drawing this work to a close and explicitly concluding that the work undertaken was sufficient in accordance with guidance requirements. This is a judgement to be made by the Chief Finance Officer and potentially such a statement could be incorporated into a paper to the IJB accompanying the 2016/17 annual accounts (**Recommendation 1**). The approach of two other IJB’s was reviewed demonstrating a varied approach although in September 2016 Glasgow City IJB received a 2016/17 Financial Assurance Statement.

### 6.3 Assurance Arrangements

The Act makes provision for health and social care integration setting out the process for the delegation of functions. What is less clear and reflective of the risks identified by Audit Scotland when reporting on integration in December 2015 are the lines of accountability and the potential for confusion. Adding to this, the Chief Executives of partner agencies retain their accountable status;

#### **Accountability to the NHS board and council**

“Although this is untested, the accountable officers for delivery should still be the chief executives of the NHS board and the council. But they must discharge this accountability through the chief officer as set out in their integration scheme. The chief executives of the NHS board and council are responsible for line managing the chief officer to ensure that their accountability for the delivery of services is properly discharged.”

- **Audit Scotland – Health and social care integration (December 2015), Page 24**

The lines of accountability are clouded and from discussion this is a nationally recognised issue. There are instances where accountability is clearer, for example, the IJB would be accountable for failure to action and deliver against the Strategic Plan so should a significant adverse event occur as a result of failure to implement an identified service need as set out by the Strategic Plan the IJB is accountable. From discussions with voting IJB members they are aware of their accountability. It would appear that accountability would be assigned on a case-by-case basis dependent on the source issue and potentially is aligned to the maturity of integration.

The NHS Board lead by the Chairman and Chief Executive with the Chief Officer for integration in attendance, in the coming months will be required to hold an Annual Review in public, for 2016/17. The purpose of the Annual Review as described by guidance is for the Boards to be held to account for their performance. Notably the NHS Board and IJB have a shared vision in the achievement of national health and well-being outcomes and further, a number of the Local Delivery Plan (LDP) standards sit within the functions delegated to the IJB. An IJB Annual Review will also be held in public where it is expected the NHS and Local Authority will hold members of the IJB to account and receive

assurances which will in turn inform the NHS public review. In referring to guidance and in considering where assurances will be drawn the need for close joint working between bodies is highlighted and suggests shared accountability.

The Integration Scheme aims to set out how the Act will be applied in practice and governed at a local level. This document is approved by the Scottish Ministers and is subject to a controlled approval process. Notably the Scheme states;

**3.4** In exercising its functions, the IJB must take into account the Parties' requirements to meet their respective statutory obligations. Apart from those functions delegated by virtue of this Scheme, the Parties retain their distinct statutory responsibilities and therefore also retain their formal decision-making roles.

- **Integration Scheme between NHS Dumfries and Galloway and Dumfries and Galloway Council, Page 7**

Therefore, whilst the Chief Executives of the partner agencies must obtain assurances, decision-making over the delegated functions lies with the IJB in achieving the aims of the Strategic Plan. Discussions suggested that there have been instances of confusion around what decisions need to be made in which forums and where there is also need for onward referral. It is possible that this is symptomatic of change and as the IJB matures such confusion will be dispelled. A particular example was in relation to Salaried Dental Services at the Lochside Dental Centre which from discussion with senior management, as a delegated function the way forward for service provision was a decision for the IJB and in keeping with the Integration Scheme above. However in November 2016 following a review of service provision the IJB directed the NHS Board to undertake stakeholder consultation before making a final decision. The IJB will have the opportunity to comment on the proposal in line with the Strategic Plan. This decision is ongoing as at July 2017 but demonstrates the fine line in decision-making.

### **6.3.1 Governance Documents**

In support of the Integration Scheme, the IJB has in place a Code of Conduct adopting the standards of the Model Code published by Scottish Ministers setting out acceptable behaviour and the Standing Orders pertaining to business proceedings of the IJB. The Standing Orders formalises what is set out by the Act and the Integration Scheme in defining the order of the IJB, membership, calling of meetings, quoracy etc, this is governed by The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 (the Order). The IJB is required to have equal numbers of voting members from the NHS and Local Authority and this is extended to its committees. The Standing Orders state that to be quorate half of the voting members must be in attendance and is not specific to which agency members are from in demonstrating a united Board. During the course of audit work this document has been reviewed by the IJB. In relation to statutory membership requirements of the IJB, these requirements have been fully met.

Having reviewed legislative requirements and local Standing Orders these capture those set out by legislation directing the reader to the Order where actions are not explicitly detailed, e.g. processes for the resignation, removal and disqualification of members. In relation to the establishment of committees the Standing Orders reflect legislation to include the appointment of the Chair. Locally this is expanded to include the approval of the committees terms of reference and membership, this goes beyond legislative requirements and whilst an enhanced governance approach and in the main should cause minimal issue to the running of the committees, views were expressed around the added bureaucracy and time constraints such governance arrangements impose on a committee and its ability to

react to change. This is likely more prevalent at this stage in the establishment of the IJB where changes are more likely to be required as business develops, once established the annual review of terms of reference should become a routine part of governance processes however where enhanced governance arrangements around the composition of committees poses any future barriers this should be considered as part of the review of Standing Orders.

The Order also makes due reference to declarations of interest, the responsibility of members to note their interest during a meeting prior to discussion and for the “*members present*” to decide whether the declaring member should be prohibited from that item of business. This is contrary to other guidance set out by the Model Code of Conduct, IJB Code of Conduct and IJB Standing Orders which state it is for the member declaring the interest to decide. In all cases the “objective test” must be applied requiring the member to consider public perception of their interest in prejudicing discussions and decision-making. Where the potential discrepancies lie are around the action to be taken upon declaring an interest and who makes the decision. It must be clarified locally the action to be taken when declaring an interest in accordance with the guidance and regulations to ensure that these are actioned appropriately (**Recommendation 2**).

In addition, the approach to how interests are minuted could be enhanced. From access to IJB minutes when an interest is declared this is minuted briefly (item number and name of the voting member) as opposed to the approach to minuting interests by the Local Authority where an outline of the interest is captured and the decision made by the member whether to remain or leave the meeting and on what basis. These minutes are published and this approach has been observed by the Nithsdale Area Committee and Planning Applications Committee. The declaration of interests should be in the interests of the public and therefore should be transparent in demonstrating the circumstances for applying the “objective test” (**Recommendation 3**). No guidance was evidenced in support of the requirements for minuting declarations of interest or best practice.

### 6.3.2 Committee Structure

The Order permits an IJB to establish committees as deemed necessary in executing its functions. There is a requirement resulting from the Act to establish a Clinical and Care Governance Committee and further, as a public body the IJB should have an Audit Committee. The IJB has established three committees; Clinical and Care Governance Committee (C&CGC), Audit and Risk Committee (A&RC) and the Performance and Finance Committee all of which have had their membership appointed and remits approved by the IJB with meetings commencing from September 2016. Following local council elections IJB and committee membership has been reviewed and appointed with the Scheme of Delegation to Committees updated accordingly. In addition and as aside to the established committees the IJB is supported operationally by the Health and Social Care Senior Management Team (H&SCSMT) overseeing delivery of the Strategic Plan.

For 2016/17 all committee meetings were quorate. From discussions it was expressed that the IJB A&RC had not been quorate on two occasions however consulting the Scheme of Delegation to Committees it is concluded that with half of the voting members present all meetings were quorate and had been conducted accordingly. This was subsequently discussed with the Chief Finance Officer who confirmed that the move to increase the membership of the committee was no longer required. Previously it had been thought that to be quorate half the voting members plus the Chair were required to attend when indeed this is including the Chair. It was reported by External Audit in their Annual Report to the NHS Board and the Auditor General for Scotland 2016/17 that the IJB A&RC had not been quorate.

Committees continue to be in their infancy and it will take time to become fully established. The commitment of members to the committees to which they have been appointed will be paramount to their success but less clear from guidance is how to manage committee attendance. Whilst the Order sets out arrangements for the removal of members in accordance with their non-attendance at three consecutive meetings of the IJB without reasonable cause, this does not appear to be extended to its committees. In support of this and as a means of protecting quoracy and the need to adjourn meetings the practice of utilising substitute IJB voting members should be encouraged to avoid issues of quoracy where these are known in advance. This is in accordance with the Scheme of Delegation to Committees and the Order (**Recommendation 4**).

It would be expected that through the formation of the IJB's committees a review would be undertaken of existing committees to minimise the risk of duplication in aligning the business of committees in accordance with the delegation of functions to the IJB. This risk will be more prevalent following a body corporate model with the establishment of IJB standing committees operating as a legal entity opposed to a lead agency model through the development of existing committees. It is highlighted by Internal Audit that duplication should be considered from two perspectives; 1) The committee agendas and the reporting of duplicate information across Boards and committees and the appropriateness of this, and 2) The attendance of members in a dual role.

Discussion with the Local Authority concluded that a review had been undertaken of their Scheme of Administration and Delegation to Committees and Scheme of Delegation and Responsibilities to Officers. The amendments were presented to Full Council for approval in March and December 2016 respectively. Amendments included defining the non-statutory role of Full Council in the review of the IJB Annual Performance Report, amendments to committees in directing assurances to include defining the receipt of assurance reports from the IJB C&CGC by the Social Work Services Committee (SWSC), review of the health and social care integration budget and clearly setting out the powers and responsibilities of the Local Authority Chief Executive in terms of limitations in relation to delegated functions and joint line management of the Chief Officer. Amendments clearly set out change in light of integration with ongoing assurances being received through the SWSC and annual reporting to Full Council. In addition performance is reported every six months to the Area Committees.

NHS committees directly impacted by integration are the Health Care Governance Committee (HCGC), A&RC and Performance Committees, each with an IJB counterpart. From access to terms of reference NHS committees have not changed significantly post-integration all being reviewed during 2016. Specifically the Integration Scheme states that the C&CGC will deliver assurances through reporting to the HCGC, IJB and SWSC. From access to the HCGC minutes for 2016/17 there were no changes to reporting following integration and the establishment of the C&CGC from October 2016 and no assurances reports have been received. Similarly, from access to SWSC minutes there was no evidence of the receipt of reports from the C&CGC. Further, in relation to SWS the Integration Scheme sets out the arrangements for reporting the Chief Social Work Officer's Annual Report to the Council, NHS and IJB, this was evidenced as being reported to the SWSC in December 2016 but could not be supported in reporting through the IJB or NHS. Each committee is assigned to a Director who is responsible for the oversight of the agenda in conjunction with the committee chair and should ensure that the necessary information is being reported to the correct forum to reduce the risk of duplication, it is possible again that duplication or perceived duplication is resultant from the infancy of the committees. Discussions confirmed that work is to commence looking at the committee structures with a view of streamlining and focusing reporting with input from IJB members. As part of this review the appropriateness of reporting to include satisfying the Integration Scheme should be undertaken to align the work of the Boards and committees across partner agencies (**Recommendation 5**).

### 6.3.3 Other Areas of Assurance – Staff and Information Governance

As the IJB is not an employing body the responsibilities for the workforce and staff governance remains with the originating employing body, it is therefore for partner agencies to monitor workforce related standards as these have been applied. Whilst performance remains the responsibility of the employing body, an Integration Organisational Development Plan and Workforce Plan were developed and agreed through the IJB and this work is overseen by the Integration Organisational Development Steering Group (ODSG) chaired by the sector leads for staff governance. The Integration ODSG aims to support the achievement of “...workforce development and planning outcomes stipulated in the Strategic Plan...” and reports to the H&SCSMT and onwards to the IJB as required, this was concluded from discussion. An Integrated Partnership Forum has been established focusing on staff related matters impacting the integrated workforce providing a “joint space” where matters can be discussed and relayed back to their respective organisations, e.g. NHS Area Partnership Forum. There is cross-partnership representation on each of these groups to include Third Sector with a view to ensure that all agencies have a voice and should promote communication between agencies.

In terms of information governance, the Integration Scheme refers to inviting the IJB to join the Scottish Accord on the Sharing of Personal Information. This is an agreement that both the NHS and Local Authority signed-up to some years ago and continue to refer to the Accord as required. From discussion it was explained that this arrangement continues pending the full implementation of the National Information Sharing Framework for integration. Once in place further work will be required to develop procedures and working documents for local implementation. Information Governance is overseen within the NHS by the Information Assurance Committee (IAC) where it was agreed to invite a representative of the Local Authority such as the Senior Information Risk Officer to become a member of the committee as a means of supporting joint working. This is encouraged in moving towards an integrated committee although is yet to be actioned with the next NHS IAC meeting pending for August 2017.

### 6.3.4 Role of the Standards Officer

As detailed to the IJB in March 2016, in accordance with The Ethical Standards in Public Life etc. (Scotland) Act 2000 the Standards Commission for Scotland requires each devolved public body to identify a Standards Officer. Guidance has been issued nationally in support of this role outlining key responsibilities.

An update on this role was taken to the IJB at their meeting in June 2017 and whilst minutes are not yet available, the IJB Standards Officer was appointed. This role is responsible for maintaining the Register of Members Interests and the Register of Gifts and Hospitality for the IJB. From access to published members interests these are out of date and must be reviewed following the appointment of new members. In addition, the paper to the IJB sought to instate an IJB Governance Officer previously supported by the Local Authority. The IJB are seeking a more permanent resource to support a “...range of governance and support issues.” Moving forward and as a result of this change there is a need to enhance the governance oversight role within the IJB and its committees to ensure that the Integration Scheme and other governance documents are being fully executed. Through testing, audit noted a lack of familiarity with governing documents in some instances, e.g. the quoracy of the IJB A&RC and declaring interests. In undertaking this audit there was an extensive amount of cross referring to IJB and national documents to determine local practice making this quite an undertaking to get up to speed and the need to be in a position to deliver confident and transparent advice (**Recommendation 6**).

### 6.3.5 IJB Governance Statement

As part of the annual accounting process the IJB as a public body are required to publish an Annual Financial Statement inclusive of a Governance Statement. IRAG guidance published in 2015 proposed that draft accounts would be submitted by 30<sup>th</sup> June with the final sign-off by 30<sup>th</sup> September, the unaudited annual accounts were presented to the IJB on the 28<sup>th</sup> June 2017. Inclusive within this and as prescribed by guidance is the IJB Governance Statement for which there is limited guidance although IRAG guidance is inclusive of an outline statement template. Internal Audit sought to establish the process followed to gain the required assurances to prepare the IJB Governance Statement as opposed to focusing on the content of the statement. From discussion it was established that the statement was drafted with input from the Chief Officer and Chief Finance Officer deciding on the assurances to be included, no assurance statements were received prior to drafting. A piece of work is now being conducted to gather supporting evidence for the Governance Statement and this is intended to be presented to the IJB A&RC in September 2017. Notably guidance outlines the role of the NHS and Local Authority in providing assurance to the IJB on matters for inclusion in their statement, there is no evidence to support this process having been completed. There is awareness that the current process is not robust and will require to be enhanced for future years.

A process for the preparation of the IJB Governance Statement is required to gather assurances from key groups and stakeholders to demonstrate execution of the governance framework. This will require requesting assurances from committees and key senior officers of the IJB as well as from partner agencies as required in line with IRAG guidance. Assurances should also give rise to a review of the effectiveness of the IJB as a Board and must make due reference to risk management arrangements which was lacking in the 2016/17 Governance Statement. Evidence of assurances should be made available to those responsible for the review and endorsement of the IJB Governance Statement to include the Chief Internal Auditor (**Recommendation 7**).

### 6.4 Risk and Performance Management

The Integration Scheme as approved by the Scottish Ministers sets out the post-integration arrangements for performance and risk management. The following captures audit findings in relation to current arrangements in both areas.

### 6.4.1 Risk Management

The Integration Scheme states primarily that a standing Risk Management Sub-Group should be established consisting of voting and non-voting members of the IJB and sets out the key components for the Risk Management Strategy;

**13. Risk Management**

13.1 A standing risk management sub-group, consisting of voting and non-voting members of the IJB, will be established. The sub-group will:

13.1.1 Develop a risk management strategy by 31 December 2015 for approval by the IJB

13.1.2 Advise on the appropriate risk appetite for the IJB

13.1.3 Advise on any subsequent changes to the strategy and risk appetite, for approval by the IJB

13.1.4 Consider the effectiveness of the risk management process, ensuring that significant risks are being adequately managed

13.1.5 Monitor implementation of improvement action plans

13.2 The risk management strategy will:

13.2.1 Include the responsibilities of the Chief Officer, risk owners, and the Parties

13.2.2 Describe acceptable processes for mitigating risks

13.2.3 Propose that significant risks be reviewed every quarter by the risk management sub-group, along with progress on agreed actions

13.2.4 Set out the agreed reporting standard that will enable significant risks identified by the Parties to be compared across the Parties. These risks will be reviewed either annually or every six months. Information on risks will be effectively communicated through the use of a shared system to record and monitor any action being taken

- **Extract: Integration Scheme between NHS Dumfries and Galloway and Dumfries and Galloway Council, p24**

With reference to the IJB's Scheme of Delegation to Committees, this sets out the action taken to address risk management oversight and to merge this with the statutory requirement for public bodies to have an Audit Committee and create the IJB A&RC.

Up until the establishment of the IJB A&RC in September 2016, the IJB assumed oversight of risk management whilst retaining authority for the approval of the Risk Management Strategy and risk appetite. The IJB Risk Management Strategy was approved by the IJB in July 2016, which was beyond the proposed date for approval defined by the Integration Scheme. From September 2016 the IJB A&RC have received quarterly risk management updates noting that progress is still to be made in defining the IJB risk register and risk appetite. It was explained that the draft risk register is being developed through the H&SCSMT with risk assessments to be completed over the summer of 2017/18 before being presented to the IJB. It is key that such risks are aligned to the objectives of the IJB. Moving into year two of the IJB there is a need to drive the development of the risk register and risk appetite to allow the Risk Management Strategy to be fully implemented and monitored for assurance that high risk areas are being adequately managed (**Recommendation 8**).

The partner agencies have agreed to adhere to the IJB's Risk Management Strategy for delegated functions stressing that there won't be duplication between the IJB risk register and those held by the NHS and Local Authority. The intention moving forward is for partner agencies to use the same risk management system initially proposing that this would be implemented by 1<sup>st</sup> April 2017. This remains ongoing with each partner continuing to utilise their own systems. Most notably the IJB's Risk Management Strategy sets out requirements for the reporting and monitoring of risk management and the responsibilities at various levels of the IJB, key to this is that risk management is to be a standing agenda item of the IJB however since the establishment of the IJB A&RC in September 2016 all reporting has followed this route, it is not clear from the strategy if reporting through IJB A&RC would be sufficient for the IJB and meeting this stipulation. The following table captures risk management monitoring arrangements as set out in the Risk Management Strategy;

Committee or Group	Monitoring arrangements
<b>IJB</b>	Review reports on strategic risks and key operational risks that require IJB attention.
<b>IJB A&amp;RC</b>	Undertake a monitoring role to include the reporting of high and very high graded strategic, tactical and operational risks at every meeting, strategic risks with a medium grading every six months and low grading annually.
<b>H&amp;SCSMT</b>	Undertake regular reviews of strategic, tactical and key operational risks escalating their concerns to the IJB.

Monitoring as set out by the strategy is yet to commence and was highlighted in the 2016/17 risk management audit focusing on an implementation plan setting out the vision of how this described framework would be put into practice, this recommendation remains outstanding. With reference to the minute from the H&SCSMT from June 2016 there is a potentially conflicting message in that this describes exception reporting to this group whilst the Risk Management Strategy sets out routine reporting requirements and as oversight for all categories of risk. Specifically what exception reporting would involve was not defined by the minutes and given that reporting is still to commence this presents an opportunity to align the process with the Risk Management Strategy or indeed amend the strategy as required to reflect practice (**Recommendation 9**).

From discussion, operationally the Risk Steering Group (RSG) is to continue to oversee risk management arrangements across NHS directorates with membership to this group extended to the Local Authority. RSG comprises of Risk Facilitators providing support and advice on matters of risk management to include; risk assessment, adverse event review and performance management. Much like the IAC this group will need to serve both partner agencies with thinking moving towards integrated groups and committees.

#### 6.4.2 Performance Management

In accordance with the Act and supplementary guidance; Guidance for Health and Social Care Integration Partnership Performance Reports, the Integration Scheme sets out how this will be applied in practice;

Performance

- 4.14 The Parties will identify a core set of indicators that relate to services from publicly accountable and national indicators and targets against which the Parties currently report. The Parties will, in consultation with stakeholders, establish a Performance Management Framework (PMF) focused on the delivery of the Outcomes. The PMF will provide the necessary activity and financial data for planned use of services in the Dumfries and Galloway area, including targets and measures. The Parties will share all information from the PMF with the IJB. The Framework will ensure that there are clear linkages between the Outcomes, the Dumfries and Galloway Single Outcome Agreement, the Strategic Plan, Locality Plans and the Parties' delivery plans for services.
- 4.15 The PMF will be reviewed regularly to ensure the improvement measures it contains continue to be relevant and reflective of the Outcomes and local outcomes.
- 4.16 A key element of the PMF will be to ensure continuous engagement with local communities, local staff and clinicians to inform improvements in integrated services and outcomes. The IJB will engage locally to identify and agree local improvement activity.
- 4.19 The Non-integration Functions Performance Target List will similarly be prepared by the Parties and consolidated in one document and will identify the extent to which responsibility for the targets, measures and arrangements will lie with the IJB.
- 4.21 The Parties recognise the need for local community ownership in the development of health and social care services. In developing this Scheme and the Strategic Plan, democratic accountability to local communities will be important to the progress and success of integration. In Dumfries and Galloway, the Parties have agreed that Area Committees will scrutinise the delivery of Locality Plans against the planned outcomes established within the Strategic Plan.
- 4.22 The Chief Officer will provide regular performance reports on the Strategic Plan to the IJB for the IJB to scrutinise performance and impact against planned outcomes and priorities. The IJB will also provide a report on the delivery of the Strategic Plan each year.
- **Extract: Integration Scheme between NHS Dumfries and Galloway and Dumfries and Galloway Council, p9-10**

In July 2016 arrangement for performance monitoring were agreed through the IJB. In addition to the annual performance report, ongoing performance monitoring arrangements have been established to demonstrate performance against national outcomes and the priority areas identified for Dumfries and Galloway. This is done through the active monitoring of the core integration indicators, NHS and Local Authority publically accountable measures communicated through quarterly performance reporting to the IJB Performance Committee, IJB and NHS Board. In addition six monthly locality performance reports are presented to the IJB and Area Committees.

Reports have been structured to provide early indicators of performance through colour coding as detailed by the report along with highlighting which national outcomes and priority areas each measure supports. The intention is for each indicator to be summarised on one page to including visual and narrative descriptors drawing attention to key points, the wider context of the measure and improvement actions. There are currently 74 indicators and outcomes to be monitored leading to a vast amount of information to be scrutinised, not all are being reported as yet whilst infrastructures are developed to extract the data from systems. It was requested at the IJB Performance and Finance Committee in March 2017 given the volume of indicators that attention to significant areas be identified in the

performance report covering paper thus focusing attention of members. This was evidenced from the May 2017 IJB meeting. Adopting this approach should assist members in scrutinising key areas as well as drawing attention to areas of improved performance. It was also requested by members of the Performance and Finance Committee that where issues are identified members can request an update be brought back to a future meeting for more detailed discussion.

Within the localities, six monthly performance reporting is undertaken through the Area Committees with the first round of reporting concluded in January 2017 pertaining to the period April to September 2016. Area Committee reports were presented to the IJB in January 2017 for onward reporting and from access to the minutes from each committee which are published on the Dumfries and Galloway Council public website, three out of four Area Committees have made requests to the IJB with observations mostly in relation to the formatting of the performance report and the subsequent ability to effectively scrutinise performance. With reference to the IJB minute from January 2017 this is a message that had previously been fed back to the IJB and discussions support the intention to host a workshop on Area Committee reporting during 2017. The specific details of this was not confirmed.

Similarly, NHS Board members in December 2016 were minuted as raising “...concerns around the lack of detail within the new report compared to previous Performance Reports and the level of assurance that can be taken from the new template.” Resulting from this it was agreed that members would continue to receive the “At a Glance” dashboard providing a summary of performance against waiting times and patient access operational targets.

This is year one of the three year commissioning cycle during which time performance monitoring will develop to report against all defined indicators. In addition there is a vision to further develop the reporting framework to incorporate operational management team reports. This level of reporting would filter up to the H&SCSMT along with established reporting with those of strategic and tactical content being reported further to the IJB and delegated committees as appropriate. In support of performance reporting and as detailed to the IJB in January 2017, a Performance Reporting Handbook is being developed to assist members in the interpretation of indicators including metadata explaining rationale and data sources for each indicator. This should assist members in becoming familiar with the reports and demonstrates the action being taken to support the wider performance reporting process and those responsible for scrutiny.

## **7. Conclusion**

The IJB commenced in its shadow year in 2015/16 with 2016/17 being the first full operational year. Since this time the IJB has established its committees and resulting from local Council elections has undergone a membership restructure with new appointments taking up their posts from June 2017. In the early stages of integration Audit Scotland warned of the risk of confusing lines of accountability and it is concurred that whilst defined routes for decision-making are set out in the Integration Scheme, accountability is not wholly clear from the Act.

The integration of health and social care is not a new concept operationally with some departments having worked together for many years. What is new is the governance arrangements supporting these working arrangements and how this is overseen across the partner agencies. Having spoken to a range of voting and non-voting members of the IJB there was a common theme arising around duplication within the NHS. In some cases this may be more of a perception given the dual roles that are being undertaken locally across the partner agencies and the IJB. In accordance with the size of the organisations, Board

members and senior managers are undertaking roles that should they not have been appointed to they would not necessarily have seen information at respective committees. It is important that members do not feel like they are duplicating their efforts unnecessarily and as such a full review of Board and committee business should be undertaken to align agendas and ensure that information is being appropriately reported to the correct forum between the IJB and NHS. This has already been done within the Local Authority.

The following summarises audit findings with a view of enhancing the governance of the IJB;

- The process for minuting members' declarations of interests at meetings should be enhanced to ensure that all aspects of regulations and guidance are being met in support of declaring interests and the action to be taken by members.
- Substitute IJB members should be fully utilised particularly in sustaining the quoracy of committee meetings.
- Undertake a review of Board and committee business and align agendas accordingly between the IJB and NHS. Specifically the delivery of assurances as defined by the Integration Scheme should be established.
- Ensure that the incoming Governance Officer is aware and knowledgeable in the Integration Scheme and supporting governance documents and for these to include committee business to be fully executed.
- Drive the development and implementation of the IJB risk register and risk appetite and ensure that risk management reporting arrangements as set out by the Risk Management Strategy are executed in practice or amended accordingly. Lack of progress in this area of reporting is limiting the availability of assurance.
- A Financial Assurance Statement should be made concluding the pre and post-integration work undertaken and the adequacy of the assumptions made as a result in line with the integrated budget.
- A process for the preparation of the IJB Governance Statement should be established to capture the required assurances and for these to be shared with those responsible for the endorsement of the statement to enable them to conclude on the adequacy of this evidence.

The IJB was established and membership appointed in accordance with regulations with an NHS Chair now presiding from 2017/18 for the coming two years. From discussion there is a desire to foster good working relationships between IJB members to work together in achieving the aims of the Strategic Plan for Dumfries and Galloway. Audit recommendations aim to enhance some of the administrative governance arrangements along with a pronounced focus on the alignment of Board and committee business and risk management where the IJB has still to develop its risk register and risk appetite in order for the Risk Management Strategy to be implemented and deliver assurance.

## **8. Acknowledgements**

We would like to acknowledge with thanks the help and co-operation of all staff during the course of this audit with engagement from within the IJB to include members of the board and staff from both partner agencies.

## 9. Glossary of Terms

The following details the abbreviations and associated terms encountered throughout the course of this audit report.

<b>Abbreviation</b>	<b>Term</b>
A&RC	Audit and Risk Committee
C&CGC	Clinical and Care Governance Committee
dg-Change	Health and Social Care Integration public website
H&SCSMT	Health and Social Care Integration Senior Management Team
HCGC	Healthcare Governance Committee
IAC	Information Assurance Committee
IJB	Integration Joint Board
LDP	Local Delivery Plan
ODSG	Organisation Development Steering Group
PwC	Pricewaterhouse Coopers
RSG	Risk Steering Group
SNA	Strategic Needs Assessment
SPG	Strategic Planning Group
SWSC	Social Work Services Committee

## 10. Management Action Plan

Audit Findings and Recommendations				Management Response		
No	Key Risk / Control weakness	Recommendation	Grade	Management Action	Manager Responsible	Target Date
1	<p><b>Finding Group: Governance</b> <b>Finding Type: Guidance</b></p> <p>There is a risk that guidance in relation to due diligence and post-integration review has not been executed fully, i.e. the Integrated Resources Advisory Group - Professional Guidance, Advice and Recommendations for Shadow Integration Arrangements and Guidance for Integration Financial Assurance.</p>	Members of the IJB must be assured that the due diligence and post-integration review requirements of guidance have been adequately addressed to include reporting locally to the necessary parties and also nationally where applicable.	<b>A</b>	<p>This has been updated in the annual accounts report to IJB Audit and Risk Committee in September 2017.</p> <p><b>Evidence required:</b> We would expect to see the paper presented to IJB A&amp;RC in September 2017 and meeting minutes confirm that the due diligence work has been completed.</p>	Katy Lewis	30th September 2017
2	<p><b>Finding Group: Governance</b> <b>Finding Type: Regulatory</b></p> <p>There is a risk to the transparency of the IJB where the process for declaring interests is not consistently reflected between regulations and local governance documents.</p>	A review of regulations and applicable IJB governance documents (Standing Orders and Members Code of Conduct) should be undertaken to ensure that the process to be followed when an IJB member makes a declaration of interest at a meeting is consistent and in accordance with regulatory requirements. Specifically the action to be taken by the member upon making the declaration and who is responsible for making that decision.	<b>B</b>	<p>A review of all governance arrangements for the IJB is underway following the first year of operation of IJB.</p> <p><b>Evidence required:</b> Following the governance review we would expect to see a consistent process in place and communicated to all members.</p>	Laura Geddes/ Alison Warrick	31st December 2017
3	<p><b>Finding Group: Governance</b> <b>Finding Type: Procedural</b></p> <p>There is a risk to the transparency of the IJB where declarations of interest are not sufficiently detailed in the IJB minute for the public to consider the objectivity of the IJB member in decision-making.</p>	The minuting of declarations of interest should be sufficiently detailed to capture the interest and the action taken in accordance with that interest in relation to the discussion of the agenda item, i.e. left or remained in the meeting and the reasoning for this decision.	<b>B</b>	<p>Process for minuting declarations of interest to be updated.</p> <p><b>Evidence required:</b> We would expect to see evidence of changes to minuting declarations of interest from IJB minutes. Evidence of at least two meetings where declarations have been recorded appropriately should be provided.</p>	Alison Warrick	30th April 2018

Audit Findings and Recommendations				Management Response		
No	Key Risk / Control weakness	Recommendation	Grade	Management Action	Manager Responsible	Target Date
4	<p><b>Finding Group: Governance</b> <b>Finding Type: Procedural</b></p> <p>There is a risk to the quoracy of the IJB and its committees where substitute IJB voting members are not utilised.</p>	<p>A process should be established for requesting the presence of a substitute voting member at the IJB or one of its committees in an attempt to protect the quoracy of meetings and the need for adjournment.</p>	<b>A</b>	<p>As part of the forthcoming review of the Standing Orders, clarity around the quoracy and the use of substitutes will be included.</p> <p>Requests will also be made from the IJB to the Council and NHS to ask for new substitute nominations to be put forward to the IJB for approval, at which point the NHS and Council will be asked to encourage IJB members to liaise with the substitutes to arrange cover should they not be able to attend and notify this to Alison Warrick in advance of the meeting to ensure quoracy can be clarified prior to each meeting.</p> <p><b>Evidence required:</b> The Standing Orders must clearly detail the requirements for quoracy and the role of substitutes. We would also require evidence of how this is communicated to members.</p>	Laura Geddes/ Alison Warrick	31/12/2017
5	<p><b>Finding Group: Governance</b> <b>Finding Type: Capacity to Deliver</b></p> <p>There is a risk that assurances are not being delivered to the appropriate forum where committee business has not been aligned between the IJB and the NHS. This also poses a risk of duplication.</p>	<p>The IJB and NHS committees should be reviewed and their roles aligned to ensure that the appropriate information is being reported to the appropriate forum in accordance with the delegation of functions. It must also be ensured that while agendas may be amended, that assurance mechanisms are established to ensure the necessary feedback to partner agencies as set out by the Integration Scheme.</p>	<b>C</b>	<p>A review of governance arrangements is planned, which will include a review of both the NHS and IJB Committees to streamline processes to ensure effective use of each committee going forward.</p> <p><b>Evidence required:</b> We would expect to see the Terms of Reference of committees within the revised structure clearly detail the role and remit of each committee and assurances to be delivered.</p>	Julie White	31st March 2018

Audit Findings and Recommendations				Management Response		
No	Key Risk / Control weakness	Recommendation	Grade	Management Action	Manager Responsible	Target Date
6	<p><b>Finding Group: Governance</b> <b>Finding Type: Awareness and Training</b></p> <p>There is a risk to the governance oversight role of the IJB where there are changes to appointments presenting an enhanced need for familiarity with the Integration Scheme and other governance documents.</p>	<p>The governance oversight role within the IJB and its committees should be enhanced ongoing to ensure that the Integration Scheme and other governance documents are being fully executed.</p>	<b>B</b>	<p>The role of the Governance Officer and Standards Officer has been clarified and this role will develop with the consistency of support in this area.</p> <p>No proposed action at this point but will review arrangements in a further six months.</p> <p><b>Evidence required:</b> We require clarification of the Governance and Standards Officer roles and evidence of outcome of 6 month review.</p>	Katy Lewis	30th April 2018
7	<p><b>Finding Group: Governance</b> <b>Finding Type: Guidance</b></p> <p>There is a risk to the system of internal control and to the success of the established governance framework where assurances are not available in support of decision-making, control and risk management at year-end.</p>	<p>A process for the preparation of the IJB Governance Statement is required to gather assurances from key groups and stakeholders to demonstrate execution of the governance framework. This will require requesting assurances from committees and key senior officers of the IJB as well as from partner agencies as required in line with IRAG guidance, assurances should also give rise to a review of the effectiveness of the IJB as a Board and must make due reference to risk management arrangements. Assurances should be made available to those responsible for the endorsement of the Governance Statement to include the Chief Internal Auditor.</p>	<b>C</b>	<p>A review of governance statement and assurances will be undertaken during 2017/18.</p> <p><b>Evidence required:</b> We would want to see the outcome of the review and to evidence that this reflects the assurance requirements of the IJB.</p>	Katy Lewis	31st March 2018

Audit Findings and Recommendations				Management Response		
No	Key Risk / Control weakness	Recommendation	Grade	Management Action	Manager Responsible	Target Date
8	<p><b>Finding Group: Risk Management</b> <b>Finding Type: Procedural</b></p> <p>Failure to progress risk management will hinder the achievement of objectives as set out by the Risk Management Strategy, namely the main objective to "...embed good Risk Management practices across the Partnership, to ensure the level of risk is managed within the IJBs risk appetite."</p>	<p>The IJB currently does not have a corporate risk register or defined risk appetite moving into year 2 of the IJB and should define timescales for implementation and for this to be closely monitored.</p>	<b>C</b>	<p>Paper to be presented to IJB Audit and Risk Committee in September providing information on corporate risk register and ongoing plans to develop risk.</p> <p><b><u>Evidence required:</u></b> As detailed in the paper, we would expect to see evidence of a final approved corporate risk register through IJB via the December IJB Audit and Risk Committee.</p>	Maureen Stevenson/ Richard Fox	31st December 2017
9	<p><b>Finding Group: Risk Management</b> <b>Finding Type: Monitoring</b></p> <p>There is a risk that risk management monitoring arrangements are not actioned as described by the Risk Management Strategy. This arises following a discrepancy in what has been set out and that discussed at H&amp;SCSMT for exception reporting.</p>	<p>It must be ensured that the risk management monitoring arrangements stipulated by the Risk Management Strategy are implemented as described or the necessary amendments made to reflect how assurances are intended to be delivered in practice.</p>	<b>B</b>	<p>Paper to be presented to IJB Audit and Risk Committee in September providing information on corporate risk register and ongoing plans to develop risk.</p> <p><b><u>Evidence required:</u></b> We need confirmation and evidence that the Risk Management processes detailed within the Risk Strategy are being followed. This is not currently in place</p>	Maureen Stevenson/ Richard Fox	31st December 2017