



ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD AUDIT COMMITTEE – 11 DECEMBER 2019
2018/19 EXTERNAL ANNUAL AUDIT REPORT – PROGRESS REPORT
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

To present a report setting out progress towards completion of the External Auditor's 2018/19 Annual Audit Report Action Plan.

1. RECOMMENDATION

It is recommended that the Angus IJB Audit Committee consider and note the attached Annual Audit Report Action Plan update.

2. BACKGROUND

The August 2019 meeting of the IJB's Audit Committee considered the IJB's External Auditor's 2018/19 Annual Audit report. Within the overall report, there were some specific recommendations made with corresponding action agreed by the IJB's management. The attached appendix 1 provides an update on the progress with these actions. As these matters are largely concluded (with exception of update of IJB Standing Orders scheduled for February 2020 IJB Board) or now ongoing it is not proposed to provide a further update to the Audit Committee.

3. CONCLUSION

The Audit Committee requires to consider and note the attached progress report.

REPORT AUTHOR: Alexander Berry, Chief Finance Officer
E-mail details: hsci Angus.tayside@nhs.net
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Appendix 1 – Annual Audit report – Action Plan Update – December 2019

**ANGUS INTEGRATION JOINT BOARD 2018/19 ANNUAL AUDIT REPORT
ACTION PLAN UPDATE – DECEMBER 2019**

No.	Issue/risk	Recommendation	Agreed management action/timing	Update
1	<p>Financial reporting There was a gap in financial reporting to the Board between February 2019 and June 2019, as the April 2019 meeting focussed on the Strategic Financial Plan 2019/20-2021/22 (approved at the meeting along with the Strategic Commissioning Plan 2019-2022). The £5 million year end surplus came as a surprise to IJB members at the June meeting.</p> <p>Risk – IJB members are not sighted on the current financial position.</p>	The IJB should receive a finance report at each meeting, to inform members of the most recent financial position.	<p>The IJB noted this issue at the June 2019 IJB Board meeting and Chief Finance Officer confirmed finance reports will be provided to all meetings in future.</p> <p>Chief Finance Office</p> <p>August 2019</p>	<p>Complete (Ongoing)</p> <p>The IJB has committed to do this on an ongoing basis.</p>
2	<p>Financial sustainability The Strategic Financial Plan 2019/20-2021/22 forecasts an annual financial shortfall of £6 million by 2021/22. The IJB does not currently have detailed savings plans to address this shortfall. Under the Integration Scheme, IJB overspends must be met by the partner bodies, but these organisations also face considerable financial pressures.</p> <p>Risk - The IJB's operating model is not financially sustainable.</p>	The IJB should ensure that detailed saving plans are developed to address the financial shortfall identified in the Strategic Financial Plan.	<p>The IJB accepts this and will continue to develop savings plans to close out the financial gap, continue to review ways of containing demand and will continue dialogue with Partners and the Scottish Government to clarify future funding.</p> <p>Chief Officer/ Chief Finance Officer</p> <p>March 2020</p>	<p>Complete (Ongoing)</p> <p>Updates re the IJB's Financial Plan shared from December 2019.</p>
3	<p>Delegated authority in the Standing Orders The IJB's Standing Orders state that the remit of the Audit Committee includes scrutinising the annual accounts. The Board has not formally delegated authority to approve the annual accounts, although that is what happens in practice.</p> <p>Risk – the Standing Orders do not delegate responsibility for approving the accounts and so the IJB</p>	The remit of the Audit Committee within the Standing Orders should be updated to specify the delegated authority to the Audit Committee to approve the annual accounts on behalf of the Board.	<p>The IJB accepts this and will, as a minimum, review its standing orders to reflect the practice that has been in place since 2016/17.</p> <p>Chief Finance Officer</p> <p>December 2019</p>	<p>Good progress</p> <p>A re-draft of the IJB's Standing Orders will be presented to the February 2020 IJB Board meeting.</p>

No.	Issue/risk	Recommendation	Agreed management action/timing	Update
	does not comply with its Standing Orders.			
4	<p>Capacity restricting improvements The IJB has identified and reported on a number of planned governance improvements over the past 3 years. One of the main barriers in progressing planned improvements is lack of capacity, particularly corporate support from the partner bodies.</p> <p>Risk – the IJB is unable to implement planned improvements; over time, this will impede the IJB's effectiveness and cause reputational damage to the IJB if it does not deliver on its commitment to develop these areas.</p>	The IJB should work with partner bodies to secure adequate capacity to deliver improvements.	<p>The IJB accepts this and will continue to engage with partner bodies to secure adequate capacity.</p> <p>Chief Officer</p> <p>December 2019</p>	<p>Complete (Ongoing)</p> <p>The IJB continues to give a high profile to this issue and continues to work with Partners to improve support.</p>

Follow up to Prior Year Recommendations

No.	Issue/risk	Recommendations	Agree management action/timing	Update
Prior Year 4	<p>Internal Audit Two 2017/18 internal audit reviews were not completed in time for the June 2018 Audit Committee meeting when the Internal Audit Annual Report was presented.</p> <p>Risk The internal audit plan is not completed, and the expected assurances cannot be given in the internal audit opinion on the system of internal control.</p>	The IJB should ensure that the internal audit plan is delivered within the audit year; any changes to the plan, to respond to evolving risks, should be agreed with the IJB.	<p>Two 2018/19 internal audit reviews were not completed in time for the June 2019 Audit Committee meeting when the Internal Audit Annual Report was presented. The GP Prescribing draft report is with management for agreement; Risk Management will be reported in 2019/20 following further fieldwork, due to the changes in risk management processes and ongoing work at the IJB and partner bodies. Internal Audit assurances were provided on the system of internal control in operation during 2018/19.</p> <p>Revised action: The IJB has approved its 2019/20 Internal Audit plan in June 2019 to assist</p>	<p>Complete (Ongoing)</p> <p>The IJB has brought forward the approval of its 2019/20 Internal Audit Plan and receives regular updates from Internal Auditors with respect to progress of plans.</p>

			<p>the early progress of Internal Audit reviews. The IJB will monitor progress with Internal Audit reviews through the year.</p> <p>Chief Finance Officer</p> <p>December 2019</p>	
<p>Prior Year 5</p>	<p>Workforce planning IJB performance monitoring covers staff numbers and the age profile of the workforce. 54% of Angus Council staff and 46% of NHS Tayside staff are over the age of 50.</p> <p>Risk The sustainability of service delivery is at risk if appropriate succession planning is not in place.</p>	<p>The IJB should review its workforce planning, including succession planning, to address the identified risks of an ageing workforce.</p>	<p>Internal audit carried out a Workforce Optimisation review in 2018/19, which concluded: “There is a workforce plan in place which aligns with existing partner strategies and other IJB plans, however, improvements to monitoring and implementation of the plan are required to enhance the adequacy/effectiveness of risk management, control and governance.” An update provided to the April 2019 Audit Committee showed that a number of actions had already been completed, whilst some had longer timelines reflecting the fact that they are out with the direct control of the IJB. The IJB agreed to direct additional resources to address Workforce Planning issues and now has improvement resources allocated to this for 1.5 days per week. The challenge of an ageing workforce is acknowledged in the IJB’s workforce planning but is still to be resolved. We will monitor the IJB’s progress in implementing the IA recommendations (which is reported to the Audit Committee).</p>	<p>Complete (Ongoing)</p> <p>The IJB has now increased the improvement resources attached to workforce.</p> <p>Work to resolve longer term workforce issues remains ongoing and reports and plans presented to the IJB reflect this.</p>