

INTERNAL AUDIT SERVICES
REPORT REF No S/023/17 (March 2017)

**West Dunbartonshire Health and Social
Care Partnership Board
Governance, Performance & Financial
Management Review**



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Personnel referred to in this report :

Soumen Sengupta - Head of Strategy, Planning & Health Improvement

Julie Slavin - Chief Financial Officer

Auditor: Lutfun Rahman

1. DIRECTOR'S SUMMARY

General

An audit was conducted on a review West Dunbartonshire Health and Social Care Partnership (WDHSCP) Board's Governance, Performance & Financial Management arrangements and we are pleased to report that the systems examined are generally working effectively.

The review highlighted that opportunities exist to strengthen internal controls and enhance the service provided, the most important of which are listed below;

- A Records Management Plan is not yet completed for the WDHSCP Board to approve. This is because the Scottish Government is still preparing a model plan for all IJBs to follow. This Plan should be completed for approval by the WDHSCP Board as soon as the model plan is available in order to comply with the statutory requirement.
- The document "Delivering Good Governance in Local Government: Framework" (CIPFA / SOLACE), which was published in 2016, provides an update to the previous document that originates from 2007. Within the revised framework, there is a requirement for Elected Members and Officers to consider various aspects in relation to significant partnership arrangements. Therefore management within WDC and WDHSCP should, as part of their regular management meetings, identify any issues in relation to partnership governance arrangements and agree any resultant improvement actions in order comply with the best practice.

Full details of these opportunities and any other points that arose during the audit are included in the Action Plan, which forms Section 3 of this report.

2. MAIN REPORT

2.1 INTRODUCTION

- 2.1.1 Under the Scottish Government's Public Bodies (Joint Working) (Scotland) Act 2014 the Health Board and the Council have agreed to formally delegate health and social care services for adult and children to a third party which is described in the Act as an Integration Joint Board (IJB). For West Dunbartonshire it is known as West Dunbartonshire Health & Social Care Partnership (WDHSCP) Board.
- 2.1.2 An audit review was carried out on WDHSCP Board's Governance, Performance & Financial management as part of the planned of audit for 2016-17.

2.2 SCOPE AND OBJECTIVES

- 2.2.1 The auditor reviewed integration scheme, strategic plan, and financial regulations along with various other policy documents that are in place.
- 2.2.2 The auditor also reviewed minutes and papers from WDHSCP Board meetings and Audit Committee meetings.
- 2.2.3 An audit launch meeting was held on the 21 December 2016 with Soumen Sengupta (SS) – Head of Strategy, Planning & Health Improvement and Julie Slavin (JS) - Chief Financial Officer.
- 2.2.4 The auditor also held further meetings and discussions with JS and SS.
- 2.2.5 The main areas of the audit were:
- Governance arrangements and documentations review;
 - Performance management and reporting arrangements review; and
 - Financial management and performance review.

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2.3 FINDINGS

- 2.3.1 The findings are based upon evidence obtained from discussions with staff, reviewing documents.
- 2.3.2 The audit was conducted in conformance with the Public Sector Internal Audit Standards (PSIAS).

Governance arrangements and documentations review

- 2.3.3 Good governance is important for public bodies to provide reassurance to all its stakeholders that they are delivering high-quality, cost-effective services through effective systems and process for managing issues, such as risk, performance, finance and information.
- 2.3.4 **Integration Scheme – May 2015:** This document sets out the details how the partnership was implemented within the WD area including its mission, purpose, and integration model, delegation of duties, finance, performance and risk management.
- 2.3.5 The WDHSCP Board comprises a wide range of service users and partners including 6 voting members equally split with three elected members and three non- executive directors of the health board, . There are eighteen non-voting members, which include the Chief Officer and the Chief Financial Officer.
- 2.3.6 The Chief Officer provides overall strategic and operation advice and is directly accountable to the WDHSCP Board for all of its responsibilities.
- 2.3.7 **Strategic Plan** The first strategic plan was approved by the WDHSCP Board on the 1st July 2015, which it also confirmed as the being the commencement date for the new integrated arrangements. The legislation required that first Strategic Plan to detail the locality arrangements: these were confirmed as being one for the Clydebank area and one for the Dumbarton and Alexandria area. The HSCP Board's Second Strategic Plan for 2016-19 was agreed in May 2016. The Strategic Plans have detailed key performance indicators; and the progress on these has been and continues to be reported via various reports to the WDHSCP Board and the Audit Committee. The Strategic Plans also summarised key financial, workforce, and professional implications.
- 2.3.8 **Financial Regulations:** The Financial Regulations are a key component of the WDHSCP Board's governance arrangements. They set out the responsibilities of the WDHSCP Board and senior officers in relation to the proper administration of the WDHSCP Board's finances, legality and limit of the expenditure, budgetary control, and risk management arrangements that the WDHSCP Board have to put in place.
- 2.3.9 **Standing Orders:** These were approved in July 2015 and are made in accordance with the Public Bodies (Joint Working) (Scotland) Act 2014 and

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the Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014.

- 2.3.10 The WDHSCP Board and the Audit Committee meet on a regular basis throughout the year. The auditor has noted the meetings are taking place at least on a quarterly basis. All meetings are held and minuted as per the requirements of the Standing Orders. The Chief Internal Auditor can confirm based on his attendance at the Audit Committee that there is a good level of scrutiny and discussion taking place at these meetings.
- 2.3.11 **Strategic Risk Register:** A system for managing risks should be included in an effective system of governance arrangements which is also required by the Financial Regulations. Therefore the WDHSCP Board approved its integrated Strategic Risk Register in November 2015. This has been reviewed and updated in November 2016. This demonstrates a robust process of risk management is in place.
- 2.3.12 There is a **Code of Conduct** in place for members of the WDHSCP Board providing guidance on remuneration, allowances, gifts and hospitality, financial and non-financial interests. There are also codes of conduct for the WDC and the Health Board, all of which are in agreement with one another. Both the Chief Officer and the Chief Financial Officer adhere to the code of conduct of their employing organisations as well as the WDHSCP Board. A **Records Management Plan** is yet to be completed for the Partnership Board to approve. This is because the Scottish Government is currently preparing a model plan for all IJBs to follow. When that is completed and published a Records Management Plan will be prepared for local approval.
- 2.3.13 There is a statutory requirement for the WDHSCP Board to have a **Complaints Handling Procedure** in place. WDHSCP has worked with the Scottish Public Services Ombudsman (SPSO) and the Scottish Government to develop a template Complaints Handling Procedure for use by all IJBs; and a local complaints handling procedure for the WDHSCP Board has been prepared for approval and will be effective from the 1st April 2017. The procedure relates to any complaints with respect to how the WDHSCP Board discharges its responsibilities.
- 2.3.14 There is an on-going commitment for the WDHSCP Board members' development and support within the approved WDHSCP Workforce and Organisational Development Strategy. An elected members' briefing session was run, which included an invite to former CHCP/Shadow HSCP Committee members, in advance of the WDHSCP Board going live. There is a plan for another training and development session post-elections.
- 2.3.15 A Scheme of Delegation is in place that allows for the efficient running of WDHSCP, through appropriate allocation of tasks and responsibilities by West Dunbartonshire Council and the Health Board, and this contributes to the overall internal control framework.

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2.3.16 The document “Delivering Good Governance in Local Government: Framework” (CIPFA / SOLACE), which was published in 2016, provides an update to the previous document that originates from 2007. This is intended to be used as best practice for developing and maintaining a locally adopted code of governance within local authorities and applies to their governance statements from the financial year 2016/17 onwards. Within the revised framework, there is a requirement for Elected Members and Officers to consider various aspects in relation to significant partnership arrangements. Management within WDC and WDHSCP should, as part of their regular management meetings, identify any issues in relation to partnership governance arrangements and agree any resultant improvement actions.

2.3.17 The Auditor concludes that the WDHSCP Board has appropriate governance arrangements and documentations in place and they provide a framework for effective organisational decision making.

2.3.18 **Post implementation review:** - as part of the governance review process the auditor concluded that the WDHSCP Board has appropriate governance arrangement, robust process and effective internal control system in place with competent Management Board. Regular WDHSCP Board meetings are taking place, all policies and procedures in place, with the exception of few, as required by laws and regulations. However, it is to be noted that a full post implementation review has not been carried out as part of this audit.

Performance management and reporting arrangements review

2.3.19 Performance management aims to improve the effectiveness of public services and to have a positive impact on outcomes for individuals and communities. Performance management is generally composed of the below interlinked elements:

- i) Performance measurement;
- ii) Target-setting;
- iii) Rewards and/or sanctions; and
- iv) Benchmarking.

2.3.20 The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. This is a statutory requirement for the 2016/17 year - however the Partnership Board received its first such report for the year 2015/16, covering the first nine months of activity.

2.3.21 The annual performance report to 31st March 2016 covers key service areas and carer groups, balance of care, best value achieved, good governance, performance assessment, strategic needs assessments and Care Inspectorate gradings.

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2.3.22 In the annual performance report there were 36 key performance indicators (PIs), 22 of these were green, 8 amber and 6 red, where

- Green means target achieved or exceeded;
- Amber means target narrowly missed; and
- Red means target missed by 15% or more.

The work to address these red key PIs and other key PIs was detailed within the Strategic Plan for 2016-19. Reporting on progress and impact is detailed in individual reports focused on care groups.

2.3.23 Since April 2016, a Quarterly Public Performance Report has been submitted to the WDHSCP Board. The second report has been submitted covering July to September 2016 quarter. The Quarterly Public Performance Reports relate to those key PIs within the Strategic Plan where there is data available for that period. Some of the key PIs in the Strategic Plan are not available on a quarterly basis.

2.3.24 The Local Government Benchmarking Framework (LGBF) 2014/15 was carried out last year. When the next set of LGBF data is published nationally, it will be incorporated into the WDHSCP Board's next annual performance report. In addition, there are a number of benchmarking processes underway within the WDHSCP - e.g. Scottish Government and Information Services Division Scotland are working with WDHSCP and other Partnerships on a major exercise for benchmarking performance in relation to unscheduled care. That data will be reflected within specific reports to the WDHSCP Board on a topic-by-topic basis.

2.3.25 The Auditor can therefore conclude that the WDHSCP Board has established a satisfactory performance management and reporting arrangements framework.

Financial management and performance review

2.3.26 The Integration Scheme sets out the detail of the integration arrangement agreed between the Health Board and West Dunbartonshire Council.

2.3.27 The Chief Officer is the accountable officer of the Partnership Board in all matters except finance. The Chief Financial Officer is the accountable officer for financial management and administration of the WDHSCP Board. The Chief Financial Officer is line managed by the Chief Officer, and professionally supervised and formally supported by the Council Section 95 Officer and the Health Board Director of Finance.

2.3.28 Legislation empowers the WDHSCP Board to hold reserves which should be accounted for in the financial accounts and records of the WDHSCP Board. The reserve policy sets out the arrangements between the parties for dealing with any overspends and underspends.

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- 2.3.29 The WDHSCP allocates the resources it receives from the Health Board and the Council in line with Strategic Plan. There is a requirement of the Strategic Plan for the development of separately agreed efficiency and savings proposals on an annual basis to mitigate the considerable risk of recurrent imbalance.
- 2.3.30 WDHSCP Board budget for 2016/17 was not formally set at the beginning of the financial year due to the delays of the Scottish Government's financial plan. The Council budget was set on 24 February 2016 which provided confirmation around the Council element of the funding for 2016/17. The Health Board budget was formally approved on 28 June 2016. Therefore, the WDHSCP Board set an interim budget in May based on assumed funding from the health board which had a total net expenditure of £137.377million, comprising of contributions from the Council £61.539 million and the Health Board £75.839million. The final budget was, following notification in July 2016, a net expenditure of £140.954million comprising contribution from the Council £61.539million and the Health Board £79.415 million. This includes the WDHSCP Board's £4.921million share of the increased investment by the Scottish Government.
- 2.3.31 The financial reports are presented at every WDHSCP Board Meeting by the Chief Financial Officer. The financial reports as at 31 December 2016 presented to the WDHSCP Board is reporting a projected underspend of £2.774million for 2016/17 in the social care budget. The WDHSCP Board's health care budget is reporting an overall break even position.
- 2.3.32 The WDHSCP Board budget for 2017/18 is yet to be formally set. The Council budget was set on 22 February 2017 which provided confirmation around the Council element of the funding for 2017/18. The contribution to the WDHSCP Board was set at £60.673million which is a reduction of £0.866 on the 2016/17 budget of £61.539million. However this is in line with the Scottish Government's allowable allocation reduction. The reduction in budget will be managed through the application of non-committed element of £2.0 million the 2016/17 Social Care Fund as per November 2016 Board Report. The Health Board have not yet formally approved their 2017/18 budget. The direction issued by the Scottish Government to IJBs for delegated health functions must be maintained at least at 2016/17 cash levels: for WDHSCP Board it was £80.676 million.
- 2.3.33 The factual accuracy of this report has been verified by the officers involved in the audit.
- 2.3.34 The Auditor would like to thank all staff involved in the audit process for their time and assistance.

3. Action Plan: WDHSCP Board Governance, Performance & Financial Management 2016-17 S.023.17						
Ref. No.	Finding	Recommendation	Priority	Management Comment	Manager Responsible	Date to be Completed
1.	A Records Management Plan is yet to be completed for the WDHSCP Board to approve. This is due to the Scottish Government is preparing a model plan for all IJBs to follow.	It is recommended that when a model plan is completed and published a Records Management Plan prepared for local approval by the Partnership Board in order to comply with the statutory requirement.	Low Risk	This will be completed at the earliest opportunity, with WDHSCP officers having already engaged with Scottish Government officials on the drafting of the model Records Management Plan.	Head of Strategy, Planning & Health Improvement.	October 2017
2.	The document "Delivering Good Governance in Local Government: Framework" (CIPFA / SOLCE), which was published in 2016, provides an update to the previous document that originates from 2007. This is intended to be used as best practice for developing and maintaining a locally adopted code of governance within local authorities and applies to their governance statements from the financial year 2016/17 onwards. Within the revised framework, there is a requirement for Elected Members and Officers to consider various aspects in relation to significant partnership arrangements.	It is recommended that management within WDC and WDHSCP should, as part of their regular management meetings, identify any issues in relation to partnership governance arrangements and agree any resultant improvement actions in order comply with the best practice.	Low Risk	Preliminary discussions have already taken place, and initial scoping begun with respect to partnership governance arrangements as relates to the WDHSCP Board.	Chief Financial Officer	August 2017