



**REPORT TO:** HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –  
22 JUNE 2022

**REPORT ON:** DUNDEE INTEGRATION JOINT BOARD ANNUAL INTERNAL AUDIT  
REPORT 2021/22

**REPORT BY:** CHIEF FINANCE OFFICER

**REPORT NO:** DIJB48-2022

**1.0 PURPOSE OF REPORT**

1.1 The purpose of this report is to advise the Integration Joint Board of the outcome of the Chief Internal Auditor's Report on the Integration Joint Board's internal control framework for the financial year 2021/22.

**2.0 RECOMMENDATIONS**

It is recommended that the Integration Joint Board

- 2.1 Notes the content and findings of the attached Annual Internal Audit Report 2021/22 (Appendix 1).
- 2.2 Instructs the Chief Finance Officer to incorporate the recommendations of the Annual Internal Audit Report into the IJB's Governance Action Plan, presented to and monitored by the Performance and Audit Committee.

**3.0 FINANCIAL IMPLICATIONS**

3.1 There are no direct financial implications arising from this report.

**4.0 MAIN TEXT**

4.1 The Integrated Resources Advisory Group (IRAG), established by the Scottish Government to develop professional guidance, outlines the responsibility of the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This guidance also shows that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.

- 4.2 The Performance and Audit Committee agreed at its meeting of the 26th May 2021 (Report PAC16-2021 refers) to continue the arrangement for the provision of Internal Audit Services through the appointment of the Chief Internal Auditor of NHS Tayside to the role of Chief Internal Auditor for the Integration Joint Board with internal audit services provided by FTF Audit and Management Services supported by Dundee City Council's Internal Audit service. The attached report provides the Chief Internal Auditors opinion on the IJB's internal control framework in place for the financial year 2021/22.
- 4.3 The Internal Audit review examined the framework in place during 2021/22 to provide assurance to the Chief Officer, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the IJB's objectives. In doing so, the review considered the areas of corporate, clinical, staff, financial and information governance.
- 4.4 The IJB's Draft Annual Statement of Accounts 2021/22 includes a Governance Statement based on a self-assessment of the IJB's governance, risk management and control frameworks as they have developed during 2021/22. While highlighting a number of areas of continuous improvement following on from previous years assessments and recommendations from internal and external audit reports, the governance statement has established there are no major issues.
- 4.5 The Chief Internal Auditors report sets out the findings of their evaluation of the IJB's Governance Framework and highlights both key elements of good practice and areas of recommended improvement to further strengthen the IJBs overall governance system. Where substantive recommendations have been made, a management response and timescale for delivery has been agreed and these will be monitored through the Performance and Audit Committee's Governance Action Plan. The Chief Internal Auditors assessment of the IJB's frameworks concludes that reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2021/22.

## 5.0 POLICY IMPLICATIONS

- 5.1 This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. There are no major issues.

## 6.0 RISK ASSESSMENT

<b>Risk 1 Description</b>	There is a risk that if required actions in response to Internal Audit recommendations are not coordinated and acted on appropriately the IJB's governance arrangements will not be adequate and effective.
<b>Risk Category</b>	Governance
<b>Inherent Risk Level</b>	Likelihood 3 x Impact 4 = 12 – High risk
<b>Mitigating Actions</b> (including timescales and resources)	- Implementation and monitoring of governance action plan as recommended by Chief Internal Auditor
<b>Residual Risk Level</b>	Likelihood 2 x Impact 3 = 6 – Moderate Risk
<b>Planned Risk Level</b>	Likelihood 2 x Impact 3 = 6 – Moderate Risk
<b>Approval recommendation</b>	Given the moderate level of planned risk and the expectation that the mitigating action will make the impact necessary to enhance the IJB's governance arrangements the risk should be accepted.

## 7.0 CONSULTATIONS

7.1 The Chief Officer and the Clerk along with the Chief Internal Auditor of Dundee IJB were consulted in the preparation of this report.

## 8.0 DIRECTIONS

8.1 The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in sections 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Dundee City Council and NHS Tayside.

Direction Required to Dundee City Council, NHS Tayside or Both	Direction to: Work with the Health and Social Care Partnership in the further development of an action plan to address issues identified with the attached self-assessment.	
	1. No Direction Required	X
	2. Dundee City Council	
	3. NHS Tayside	
	4. Dundee City Council and NHS Tayside	

## 9.0 BACKGROUND PAPERS

9.1 None.

Dave Berry  
Chief Finance Officer

DATE: 9th June 2022

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# FTF Internal Audit Service

## Dundee City IJB Internal Audit Service

### Annual Internal Audit Report 2021/2022

**Issued To:** V Irons, Chief Officer  
D Berry, Chief Finance Officer

D McCulloch, Chief Social Work Officer  
D Shaw, Clinical Director/ Associate Medical Director

Dundee City Integration Joint Board  
External Audit

D Vernon, Acting Senior Manager- Internal Audit, DCC

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Draft Report Issued	06 June 2022
Management Responses Received	07 June 2022
Target Audit & Risk Committee Date	22 June 2022
<b>Final Report Issued</b>	<b>13 June 2022</b>

## INTRODUCTION AND CONCLUSION

1. The Integrated Resources Advisory Group (IRAG) guidance outlines the responsibility of the Integration Joint Board (the IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance and control of the delegated resources.
2. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.
3. Guidance issued in April 2017 requires IJBs to prepare their annual accounts and governance statements in accordance with Local Authority Accounts (Scotland) Regulations 2014. These regulations require an authority to:
  - i) *Be responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which:*
    - (a) *Facilitates the effective exercise of the authority's functions; and*
    - (b) *includes arrangements for the management of risk.*
  - ii) *Conduct a review at least once in each financial year of the effectiveness of its internal control.*
4. The CIPFA 'Delivering Good Governance' in Local Government Framework 2016 places a responsibility on the authority to ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
5. This review examined the framework in place during the financial year 2020/2021 to provide assurance to the Chief Officer, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the IJB's objectives. It considered:
  - *Corporate Governance*
  - *Clinical Governance*
  - *Staff Governance*
  - *Financial Governance*
  - *Information Governance*
6. The results from this work reported within this 2021/22 Annual Internal Audit Report should inform the IJB's judgment on the Governance Statement.
7. There are a number of ongoing developments in strategy, planning and performance, which, once fully implemented, should ensure coherence between Governance Structures, Performance Management, Risk Management and Assurance and improve Dundee IJB's ability to monitor the achievement of operational and strategic objectives, including those necessary enhance the sustainability of services.
8. Many of our previous Annual Reports have highlighted a number of intractable, long standing issues. These also featured in the IJB's Governance Statements and governance improvement plans. It was intended that many of these were to be addressed as part of the review and update of the Integration Scheme(s). Whilst the new scheme more

clearly articulates the operational management responsibilities, contributing to the clarification of governance and accountability arrangements; the review process did not necessarily provide the opportunity to agree practical processes which would fully resolve many of the other areas previously identified as concerns such as Large Hospital Set Aside (LHSA), Corporate Support arrangements and Hosted Services. Whilst the IJB is reliant on engagement from partner bodies to further progress in these areas, the organisation needs to ensure momentum is maintained.

9. Many of these areas were also echoed in reports issued by Audit Scotland as well as in the 2019 Ministerial Steering Group (MSG) in their report on 'Review of Progress with Integration of Health and Social Care'. Actions agreed under the MSG self assessment have not been specifically monitored and it is not clear that the momentum which the MSG report was intended to generate, has been delivered through this process.
10. MSG improvement actions are reliant on all partner bodies to agree and action and engagement by all partners will be crucial in enabling identified weaknesses to be resolved. We have been informed that the revision of the integration scheme reinforces some of these required actions (e.g. aligning budget processes), but overall, there is no agreed date for further self assessment to measure improvement.
11. Following the approval of the new IJB Risk Management Strategy in April 2021, Dundee City IJB has continued to develop its Risk Management arrangements. The risk profile of the organisation has expanded with several new significant strategic risks, in particular Primary Care, Drugs & Alcohol Services and Mental Health. The next stage will be to ensure that comprehensive assurance processes over these risks, including controls and actions operated and implemented by partner bodies are in place and we would recommend consideration of relevant aspects of the FTF Committee Assurance principles as part of this process.
12. Based on our follow up work, of the 6 recommendations from our 2020/21 Annual Report, we assessed 3 as complete, 2 remain outstanding; and although action was taken as agreed in relation to the remaining action, the underlying weaknesses remain.
13. Dundee City IJB is in an interdependent relationship with both partner bodies in which the controls in place in one body inevitably affect those in the other. The draft NHS Tayside Governance Statement concludes that *'with the ongoing improvement work undertaken throughout the year, as evidenced above, the governance framework, the assurances and evidence received from the Board's committees, that corporate governance continues to be strengthened and was operating effectively throughout the financial year ended 31 March, 2022'* In addition, the Dundee City Council Annual Internal Audit Report concluded *'that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2022'*.
14. Plans are in place to share information on partner assurances at the October 2022 meeting of the IJB before the audited accounts are signed off, providing the opportunity for the IJB to review any issues of interest to the IJB included in either of the partners' year end conclusions on governance.
15. The IJB has produced a draft Governance Statement for 2021/22 which reflects the IJB's own assessment for areas for development, setting out a number of actions to further strengthen governance arrangements. A number of these are complex areas which have remained outstanding for a number of years and depend on the input of partner bodies.
16. As Chief Internal Auditor, this Annual Internal Audit Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2021/22.



17. Based on the work undertaken, I have concluded that:

- **Reliance can be placed on the IJB governance arrangements and systems of internal controls for 2021/22.**

18. In addition, I have not advised management of any concerns around the following:

- **Consistency of the Governance Statement with information that we are aware of from our work;**
- **The format and content of the Governance Statement in relation to the relevant guidance;**
- **The disclosure of all relevant issues.**

#### **ACTION**

19. The IJB is asked to note this report in evaluating the internal control environment for 2021/22 and consider any actions to be taken on the issues reported for consideration.

#### **INTERNAL CONTROL**

20. Following a meeting of Dundee City IJB in May 2016, FTF were appointed as the IJB's Internal Audit Service. The PAC has approved the Internal Audit Charter as well as a protocol for the sharing of audit outputs between the partner organisations. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS).

21. During 2018/19 the NHS Tayside Internal Audit Service was externally quality assessed by the Institute of Internal Auditors and concluded that FTF generally conforms to the International Professional Practice Framework (IPPF). All actions arising from this review are now complete. For Dundee City Council Internal Audit, an External Quality Assessment in 2018 concluded that the Council's Internal Audit service fully conforms to 11 of the 13 standards and generally conforms to the remaining two. Both organisations have undertaken internal quality assessments as required by PSIAS.

22. The 2021/22 Annual Internal Audit plan was approved by the PAC in May 2021. Audit work undertaken in partnership with the Dundee City Council Internal Audit Service has been sufficient to allow the Chief Internal Auditor to provide his formal opinion on the adequacy and effectiveness of internal controls.

23. To inform our assessment of the internal control framework, we developed a self assessment governance checklist for completion by management. The checklist was based on requirements of the Integration Scheme, guidance issued by the Scottish Government to support Health and Social Care Integration and best practice. It was also cross referenced to the requirements of the CIPFA 'Delivering Good Governance in Local Government Framework 2016' and supporting guidance notes for Scottish Authorities.

24. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation. Based on our validation work, we can provide assurance on the following key arrangements in place by 31 March 2022; any ongoing developments and also comment on where further development is needed in 2022/23.

26. Our evaluation of the IJB's Governance Framework is summarised below:

<b>A – Corporate Governance</b>
<b>Key arrangements in place as at year end 2021/22 as well as planned and ongoing developments</b>
<p><b>Response to Covid</b></p> <ol style="list-style-type: none"> <li>I. During this financial year, Covid has had no further impact on the governance arrangements of Dundee IJB with all meetings held virtually and open to the public. During the year, IJB members have continued to receive briefings during peaks of the pandemic keeping them informed of service challenges and responses.</li> <li>II. Our 2020/21 Annual Internal Audit report, welcomed the IJB's intended direction of travel, using learning from the pandemic as an opportunity for change and for reflection in relation to the Partnership's approach to strategic planning, leadership and governance. The addendum to the current Strategic Commissioning Plan agreed in April 2022 now reflects priorities arising from COVID-19 remobilisation activity.</li> </ol> <p><b>Strategy</b></p> <ol style="list-style-type: none"> <li>I. The extension of the Strategic Commissioning Plan to 2023 agreed by the February 2022 IJB means that the planning cycle remains aligned with that of the other Tayside IJBs and the Dundee City Plan. Having carried out the statutory review of the current strategic and commissioning plan, the Strategic Planning Advisory Group found that the vision and strategic priorities, as well as the overall format of the plan, remained fit for purpose but the actions required to deliver those objectives would be updated. An addendum to the original plan was published, setting out the rationale for the extension and communicating priority actions to be delivered during the extension year. The addendum is supported by care group strategic planning/commissioning statements and transformation plans previously agreed by the IJB for areas such as mental health and wellbeing, carers, drugs and alcohol and primary care. The addendum also reflects priorities arising from Covid19 remobilisation activity. These actions will be monitored by the Strategic Planning Advisory Group (SPAG). Consideration is now being given to how the IJB will receive assurance and monitor progress against these actions.</li> <li>II. Work has commenced on detailed plans for the development of a full replacement strategic and commissioning plan for the period from 2023/24 onwards. An update report is to be provided to the IJB on this activity, workplans and timescales by August 2022. Given the scale of changes to demand, operations and availability of resources, this work will be fundamental to the future sustainability of services, and should be an area of focus for the IJB Board, notwithstanding the many operational exigencies that may arise. The IJB will need to balance the very serious risks posed by the current operational pressures, with the potentially existential risks to services created by the demographic and workforce pressures which were already threatening sustainability, even before Covid both exacerbated those pressures and created a range of new difficulties.</li> <li>III. The SGHSCD issued the 'NHS Recovery plan' on 25 August 2021. The recent Audit</li> </ol>

Scotland report 'NHS in Scotland 2021' stated that *'The ambitions in the plan will be stretching and difficult to deliver against the competing demands of the pandemic and an increasing number of other policy initiatives. The recovery plan will involve new ways of delivering services and these will take a lot of work. There is not enough detail in the plan to determine whether ambitions can be achieved in the timescales set out.'*

- IV. Whilst the IJB will need to be cognisant of SG ambitions, its priority must be the production of a realistic, achievable strategy which addresses the needs of the local population post-Covid within the parameters of available resources, most particularly financial, digital and workforce. This will almost inevitably involve extremely difficult decisions, which may not fully align with public or SG expectations.
- V. During the Covid pandemic, there was a necessary shift of focus towards operational priorities, which reflected the extreme risks in those areas as well as an influx of Covid related funding which lessened the immediate financial risk. In future, the risks related to financial sustainability are likely to rise sharply and rapidly,. Consideration of the changes in culture required to adapt to this change should start now.
- VI. Our Annual Internal Audit Report for 2017/18 first recommended a Delivery Plan to track actions which will support implementation of the Strategic Commissioning Plan. In this context, we welcome the link between strategic priorities, actions and the more detailed care group strategic plans and transformation programmes, set out in the new addendum.
- VII. This also aligns with the changing approach to the Annual Performance Report which will see specific reporting on each strategic priority in-year to further support SPAG monitoring, as well as the commitment to consolidated transformation programme reports for the future as set out in the 5 year financial framework paper to be presented to the June 2022 IJB. Going forward, this should mean that Dundee IJB is better placed to monitor whether intended outcomes are being achieved, including that of projects to support the sustainability of the Health & Social Care Partnership (HSCP) in the future.

#### **Performance**

- VIII. Internal audit report D05/21 concluded that data is well presented and that Dundee IJB is ahead of many other IJBs under our purview. The report also recommended further enhancements to the reporting process which are being progressed. The IJB in April 2022 also approved changes to the format of the annual performance report, with future years' reports to be broken down into rolling quarterly reports, each focused on one of the strategic priorities plus an overall yearend report. The current format Summary Annual Performance Report is to be published for 2021/22.
- IX. Operational performance has been challenging and we welcome the plans in place for in depth analysis and improvement reports to be prepared for the following areas of particular concern:
  - Performance for emergency admissions deteriorated compared to baseline year but compares well nationally.
  - Performance against the standard on spending last 6 months of life at home or in a community setting is high and showing improvement.
  - Delayed discharge performance against the baseline year has improved

significantly compared to the baseline year (2015/16).

- Percentage of health and social care resource spent on hospital stays where the patient was admitted as an emergency was 5.8% less in 2020/21 than 2015/16.
- Premature mortality rate is high.
- Performance on Rate of hospital admissions due to a fall for aged 65+ remains poor. An improvement report is currently being prepared.
- Percentage of care services graded 'good' (4) or better in Care Inspectorate inspections has deteriorated since the 2015/16 baseline. An analytical report was provided to the February 2022 PAC.

In this context, we note the commitment to linking performance to risk management. However, there is currently a lack of data or other performance reporting against many of the highest strategic risks of the organisation.

#### **Remobilisation**

- X. In April 2021, the IJB approved its revised Covid19 Recovery plan which is supported by an implementation plan. A final update was provided in April 2022 with a proposal that with the majority of actions having been completed or become embedded in mainstreams way of working, that the remaining remobilisation priorities will now be reflected in the Partnership's strategic and commissioning plans (overarching and care group specific) and individual service plans.

#### **Review of Integration Scheme**

- XI. A review has been carried out during 2021/22 and the Tayside Chief Executives Group has now reached agreement on a draft integration scheme for each local authority area that has been subject to public consultation as required by legislation. The Chief Finance Officer has worked with members of the Integration Joint Board to agree and submit a response on their behalf. Subsequent to the consultation, required amendments will be proposed to the Tayside Chief Executives before final drafts are submitted to Dundee City Council and NHS Tayside for approval for submission to the Scottish Government in June 2022.
- XII. We have previously reported that a number of key governance issues were to be addressed through the agreement of a new Integration Scheme between the IJB and its partners. Whilst the new scheme more clearly articulates operational management responsibilities, the review process did not resolve many of the other areas previously identified as concerns:
- a. Large Hospital Set Aside
  - b. Corporate Support arrangements
  - c. Monitoring of Hosted (Lead Partner) Services
- XIII. Review and update of the IJB's Standing Orders and Financial Regulations to incorporate changes to governance arrangements arising from the updated Integration Scheme will begin following formal approval of the new IS.

#### **Governance arrangements**

- I. The remit of the PAC requires a minimum of 3 meetings per financial year. The PAC met on four occasions during 2021/22, May, September and November 2021, and February 2022. No meeting took place in May 2022 due to the Local

Authority elections. Following each meeting of the PAC, minutes and a Chair's assurance report are provided to the IJB. However, the PAC does not provide an annual report to the IJB Board provide assurance that it has fulfilled its remit and to its formal conclusion on view on the adequacy and effectiveness of the matters under its purview and to reflect on any matters of concern for future consideration.

- XIV. We welcome the implementation of the action tracker providing the committee with the opportunity to monitor progress on actions agreed as part of previous meetings' discussion.
- XV. The PAC remit includes receiving assurance from the Clinical & Care Governance Group. The update of IJBs Standing Orders referred to above will include a review of the remit of the PAC to ensure all areas for consideration are set out, accompanied by a workplan setting out how these will be completed.
- XVI. Actions agreed under the MSG self assessment have not been specifically monitored in 2020/21 and 2021/22 when focus has understandably been on responses to the pandemic. Attention is now shifting towards preparation for the introduction of the National Care Service with a resultant impact on the governance arrangements for health and social care services.
- XVII. A number of these actions, including Large Hospital Set Aside (LHSA), Corporate Support arrangements and Hosted Services remain extant and will not be resolved by the agreed revisions to the Integration Scheme. The IJB, either directly or through the PAC, should receive an update on progress together with an assessment of what is required to ensure the agreed actions are implemented, including any input needed from partners.
- XVIII. The Governance Action Plan which is reported to each meeting of the PAC now includes more detailed monitoring of individual actions, including timescales. Internal Audit will make specific recommendations for improvement in relation to the Governance Action Plan under Internal audit review D06/21.

#### Risk Management

- XIX. Following the approval of the new IJB Risk Management Strategy in April 2021, Dundee City IJB has continued to develop its Risk Management arrangements. Two development events on risk management took place including on Risk Appetite which was held in March 2022 with input from the Chief Internal Auditor. The Chief Finance Officer has undertaken to prepare a Risk Appetite statement for approval by the IJB in autumn 2022.
- XX. Reports on risk management came to both the IJB and the PAC during the year, most recently to the April 2022 meeting of the IJB showing a number of changes in the organisation's risk profile to include 2 new significant risks in relation to Primary Care and Mental health as well as shifts in risk scoring from previous year. All risks have been recently updated:

Risk	Current score (March 2022)	Previous score (March 2021)	
Staff Resource	25	16	↑
Dundee Drug & Alcohol Recovery Service	25	New risk	↑
Staff Resource (Performance management)	20	20	→
Primary Care	20	New risk	↑
Restrictions on Public Sector Funding	16	16	→
Unable to maintain IJB spend	16	16	→

Impact of Covid19	16	20	↓
Mental Health Services	16	New risk	↑
Category 1 Responder	12	New risk	↑
Increased bureaucracy	12	12	→
Governance arrangements	12	12	→
Staff Perception of integration	9	9	→
Employment Terms	9	9	→
Uncertainty around future service delivery	9	9	→
Capacity of Leadership Team	8	16	↓
Viability of External Providers	9	12	↓
Stakeholders not included/consulted	3	3	→
Impact of EU withdrawal	Archived	6	↓

XXI. In addition, monitoring of operational clinical and care risks takes place at the Clinical, Care & Professional Governance Group (CCPG), which provides an annual year end assurance report on its overall work.

XXII. The Dundee IJB Chief Finance Officer also chairs the Tayside Risk Management Group, which continued to meet during 2021/22 to streamline arrangements and ensure continuity of risk management practice where possible.

XXIII. An overall assessment of progress in delivering the Risk Management Action Plan is included in the Governance Action plan (40% progress as at February 2022) but the individual actions are not reported to the PAC. We previously recommended development of an IJB assurance plan but, at present, the IJB still does not receive overt assurance on each of its strategic risks including where necessary assurances from partner organisations on controls and actions operated by them. Management have informed us that this will be implemented as part of a process to link risk and performance management. We would also recommend a prioritised cycle of assurance reports against each strategic risk (with enhanced monitoring for risks above the appetite to be established).

#### Hosted Services (Lead Partner Arrangements)

XXIV. Hosted services are now referred to as Lead Partner Services where the Lead Partner Chief Officer co-ordinates strategic planning and has operational responsibility for those services. The new IS required them to seek approval from all IJBs on proposed strategy and to provide reports on those services to other IJBs at least in every 3 year planning period. Assurances in this area have required improvement for some time and the new reporting arrangements should be implemented as soon as possible.

#### Directions

XXV. Directions issued to partners are not currently monitored. A draft Directions Policy & Procedure is being considered as an associated document with the revised Integration Scheme. This Policy seeks to enhance governance, transparency and accountability between the IJBs, Local Authorities and NHS Tayside, by clarifying responsibilities and relationships to address the statutory guidance issued in 2020 in response to the proposals of the Ministerial Strategic Group (MSG) Health and Community Care Review of Progress with Integration. The proposed draft policy includes a section on monitoring of directions.

XXVI. The draft policy also include a list of 'performance and effectiveness controls' but this makes no reference to clinical and care governance, which should also

be a key component in the formation of IJB directions, and one that requires careful consideration.

#### **Feeley report**

XXVII. Following the April 2021 IJB meeting, the Chief Officer was instructed to bring back a report outlining Scottish Government plans to progress implementation of the recommendations of the independent review at an appropriate point. A development event was held for IJB members in September 2021, and an update provided on an extension to the consultation period, but further communication from the Scottish Government is awaited on the future shape of a National Care Service.

#### **Category 1 responders/ business continuity**

XXVIII. IJBs are now Category 1 Responder bodies and the IJB was kept updated on this change in status during 2020/21, with the April 2021 paper highlighting that “further work is to be carried out to revise internal management and governance arrangements for the effective oversight of resilience and emergency planning functions. Internal audit D06/22 was issued in June 2022 with an action plan agreed with management and will be presented to a future PAC.

#### **Best Value**

XXIX. Assurance was last provided to the PAC in September 2020 that Best Value was being achieved through the Integration Joint Boards governance arrangements and activities, based on the assessment undertaken for 2019/20. Plans are in place to provide a similar assurance again to the July 2022 meeting of the PAC.

#### **Code of Conduct/ Induction**

XXX. Dundee IJB at its meeting in April 2022 adopted the new model Code of Conduct. Progress has been made on an agreed action on induction for new IJB members. A development session for new IJB members on the Code of Conduct including standards of behaviour expected has been held and dates are being arranged for IJB members to take part in Dundee City Council induction sessions on relevant topics.

#### **Leadership capacity**

XXXI. Work has been ongoing to increase capacity and strengthen the management team. Temporary arrangements were implemented during 2021/22 which increased the senior management team to four (Chief Officer, Chief Finance Officer and two Heads of Operational Services). The revised permanent structure is being progressed through the partner bodies’ respective grading processes before the final structure is agreed. This has had a positive impact on the associated risk (Capacity of Leadership Team), with the score reducing to 8 from 16.

<b>B – Clinical &amp; Care Governance/ Financial Governance/ Staff Governance/ Information Governance</b>
<b>Key arrangements in place as at year end 2021/22 as well as planned and ongoing developments</b>
<b>B1- Financial Governance</b>
<p>I. At year end, the underlying operational financial monitoring position for Dundee Health and Social Care Partnership (excluding any implications of additional Covid19 spend) shows a net underspend position of c£7.8M. Although an underlying net underspend had been forecast throughout the year, this is a significant increase on the previous (February 2022) forecast of circa £2M underspend. One major contributing factor to this change is unspent (due to difficulties in recruitment) additional Winter Plan funding for Care at Home and Social Care of £3.4M.</p> <p>II. The financial accounting (rather than operational as above) position as reported in the annual accounts shows an even larger surplus for the year, to be carried forward as a significant movement in reserves; with the total increasing from c.£13.8M at 2020/21 year end to c£39M. Of this around £29M relate to committed reserves.</p> <p>III. Dundee IJB is committed to maximise use of the IJB's earmarked and non-earmarked reserves to provide short term investment which will support longer term sustainability of services.</p> <p>IV. Financial Monitoring Reports were regularly considered by the IJB throughout 2021/22, including the projected outturn position, as well as details on the Financial Impact of the Covid19 Response, the reserves position, general information on the savings plan and the financial position in relation to hosted services.</p> <p>V. A savings plan for the year was agreed in March 2021. However, there is no detailed monitoring which would show savings achieved against the plan. We have been informed that this is due to the fact the initiatives in 2021/22 in the main were considered low risk (&amp; non- recurrent) savings where outcomes are already known.</p> <p>VI. The future financial framework will carry much larger risks for the financial sustainability of the organisation, meaning that transformation and service redesign will be even more important. The format and content of reporting on savings progress should highlight any potential shortfalls are highlighted as soon as possible together with an explanation of lessons learned and actions taken.</p> <p>VII. The 2022/23 budget states that NHS Tayside has not as yet provided a calculation for LHSAs for 2022/23 and that this will be incorporated into the final budget once agreed. There is currently no provision for a further release of resources to Dundee given the position of the acute sector in relation to the Covid19 Pandemic. We have previously noted that Large Hospital Set Aside (LHSA) is instrumental to the strategic shift in the balance of care and that the focus should be on strategic, holistic solutions which allow the transfer of resources to facilitate improvements in services and shifting the balance of care.</p> <p>VIII. A 5 year financial framework is being drafted for presentation to the June 2022</p>



IJB providing an early indication of the financial challenges likely to be facing the organisation over the coming years, as well as a range of principles to be applied in mitigating these challenges and enable IJB strategic priorities to be delivered within a balanced budget. The paper also acknowledges the need for consolidated Transformation Programme progress reports to be provided to the IJB.

- IX. The self assessment against the CIPFA statement on the role of the Chief Finance Officer for Dundee City IJB assessed all elements as either compliant or not applicable.

## **B2 – Clinical & Care Governance**

- I. We previously reported substantial progress in implementing actions in response to internal audit report D07/17 - Clinical, Care & Professional Governance, with only the complex issue of assurance over hosted services, remaining. This continues to be considered through the Getting it Right for Everyone (GIRFE) Steering Group pan-Tayside. Implementation of this will be crucial for the IJB to receive assurance in relation to some of its new significant strategic risks including Primary Care Services and Mental health.
- II. Throughout the year, work continued through the GIRFE Steering Group to further enhance the quality of assurance reports provided to the NHS Tayside Care Governance Committee. Dundee HSCP provides regular, high-quality assurance reports to the NHS Tayside Care Governance Committee as well as the PAC, including an additional report to the April 2022 IJB to ensure that changes to the meeting schedule of the PAC did not result in delays in reporting. An annual report for the year is planned for the June IJB and provides positive assurance on the work of the group. Throughout the year the level of assurance provided was moderate. Whilst the annual report was comprehensive and well-written, there might be benefit in it being used to reflect on key concerns during the year and priorities for the coming year, as well as views on the relevant Strategic Risks.
- III. The Drugs and Alcohol Service has remained under intense pressure, with clinical, care & professional governance reports showing that throughout the year, the majority of the highest service level risks across the HSCP relate to the Drugs & Alcohol Service. This led to the creation of the new strategic risk on Drugs & Alcohol, escalating a number of operational risks all related to the service. We welcome this decision which allows for a clear focus on this important area and would reiterate the need to link to data and performance monitoring as highlighted above.
- IV. The 'Dundee Drugs Commission Report – Responding to Drug Use with Kindness, Compassion and Hope' was initially published in August 2019. In February 2021 the Dundee Partnership invited the Commission to conduct a two-year review of progress against the recommendations made in the original report. The update report, published in March 2022, states that the extensive and genuine improvement efforts in Dundee to address drug deaths have not gone far enough, deep enough or fast enough. The Dundee Partnership is currently considering the 12 further recommendations made by the Commission in the context of a range of ongoing improvement activity set out within the ADP's original Action Plan for Change, with the intention to develop a single, prioritised Strategic and Commissioning Plan for Drugs and Alcohol. The related strategic

risk is scored at the maximum 25, with the Action Plan as a key control. Reports on this risk to the PAC and IJB state that although available controls have been applied, these are insufficient to reduce the risk. The Chief Social Work Officer's Annual report was provided to the IJB in December 2021. As previously noted, the Chief Social Work Officer's Annual Report does not include an overall conclusion on the adequacy and effectiveness of arrangements for the quality and safety of care in line with clinical governance arrangements. However, the report includes extensive information on performance, improvement activities, external reviews, complaints, future improvement priorities across a number of services as well as information on the response to Covid during the year in question. Following discussion at the December 2021 IJB meeting, it was agreed that the Chief Social Work Officer would look to provide a briefing on future reports as well as review the presentation of the report. We welcome this direction of travel.

- V. In October 2021, Dundee IJB noted the progress report on the Independent Inquiry into Mental Health Services in Tayside – 'Trust and Respect'. Mental Health and Wellbeing strategic updates were also regularly provided.
- VI. As set out under the performance section above, the percentage of care services graded 'good' (4) or better in Care Inspectorate inspections has deteriorated since the 2015/16 baseline. We note the analytical report provided to the February 2022 PAC which also makes reference to internal monitoring and quality assurance processes. There may be merit in triangulating the results of external inspections with those internal processes.
- VII. Public protection featured heavily on the IJB's agenda during the year with reports on Child protection, leadership of public protection arrangements, governance arrangements for protecting people and a midterm report from the Dundee Adult Support and Protection Committee. The Health and Social Care Partnership is represented across the multiagency structures which ultimately report to the Community Planning Partnership (the Dundee Partnership). Whilst the midterm report includes information on key achievements during the period under review (2020/21), development priorities for the year ahead and some data on referrals and investigations, it does not provide a conclusion on whether the overall system is performing adequately and is not in a format which allows such a conclusion to be drawn readily.

### **B3 - Staff Governance**


- I. Actions previously agreed in response to internal audit recommendations on the development of a Workforce Plan and review of the Workforce and Organisational development strategy have remained outstanding for another year. However, we have been informed that work is now ongoing to produce a workforce plan for presentation to the IJB by June 2022 to meet the government deadline. The National Workforce Strategy for Health and Social Care in Scotland was published in March 2022. The risk profile of the national strategy is not available, but our assessment would be that a number of assumptions within the document are very high risk.
- II. As set out under the Corporate Governance section above, work has been ongoing to increase capacity and strengthen the management team. Temporary arrangements were implemented during 2021/22 and the revised permanent structure is being progressed


<p>III. We previously commented that the IJB does not currently receive specific staff governance assurances from the employing partners and recommended that the overall review of assurances on strategic risks to the IJB should include assurances over staff governance. We would note that staff resource is one of the highest risks of the organisation scored at the highest possible 5x5.</p> <p>IV. Since 1 April 2021, NHS organisations are required to follow National Whistleblowing Principles and Standards. This includes specific information for Health and Social Care Partnerships. Work undertaken in 2020/21 on implementation of the standards included plans for quarterly reporting to the IJB. Although such assurance has not yet been received, the principle has been reiterated in the new draft Integration Scheme which notes a requirement to report all concerns to the IJB and NHS Board on a quarterly basis.</p>
<p><b>B4- Information Governance</b></p>
<p>I. We previously commented that the IJB should receive assurance that its strategies and statutory responsibilities are supported by the asset and IT strategies and information governance arrangements of its partners and that these are appropriately prioritised, resourced and monitored, as an important enabler for the delivery of genuine transformation and the revised approach to the delivery of services required following Covid19. This action remains outstanding and we note that the IJB does recognise its increasing importance and is taking steps to improve the situation.</p> <p>II. A new Records Management Plan effective from September 2021 was submitted to and agreed by the Keeper of the Records of Scotland on condition of improvements in some areas. These elements require improvement action on the part of Dundee City Council who manage the IJB's public records and the IJB should receive assurance from the council on the relevant systems and their compliance with legislation.</p>


#### ACKNOWLEDGEMENT

27. On behalf of the Internal Audit Service I would like to take this opportunity to thank the Chief Officer and Chief Finance Officer of the IJB as well as staff within the partnership for the help and co-operation extended to Internal Audit throughout the year.

**A GASKIN, BSc. ACA**  
**Chief Internal Auditor**

Action Point Reference 1	
<b>Finding:</b>	
<p>The Integration Schemes review process did not necessarily provide opportunity to agree practical processes which would fully resolve many of the other areas previously identified as concerns such as Large Hospital Set Aside (LHSA), Corporate Support arrangements and Hosted Services.</p> <p>Many of these areas were also echoed in the 2019 Ministerial Steering Group report on 'Review of Progress with Integration of Health and Social Care'. No reports on progress against the actions agreed under the MSG self assessment were submitted to the PAC or IJB in 2020/21 nor 2021/22. A summary action was previously included in the Governance Action Plan but is no longer included and it is not clear that the momentum which the MSG report was intended to generate has been maintained. There is no agreed date for further self assessment to measure improvement.</p>	
<b>Audit Recommendation:</b>	
<p>The IJB, either directly or through the PAC, should receive an update on progress together with an assessment of what is required to ensure the agreed actions are implemented, including any input needed from partners. The consequences of non-delivery should also be set out.</p>	
<b>Assessment of Risk:</b>	
<p>Our assessment of the above finding is as follows:</p> <p>Significant  Weaknesses in control or design in some areas of established controls.</p> <p><b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b></p>	
<b>Management Response/Action:</b>	
<p>Expectation that a number of these actions would be progressed by the statutory partners through the review of the Integration Scheme. The IJB has only limited influence over the partner actions in taking these forward. For instance, a commitment has been made by the partner bodies to progress a memorandum of understanding around the level of corporate support the IJB receives from them to discharge its statutory duties and deliver on its Strategic and Commissioning Plan. The completion of this will be fully dependent on the partner bodies' commitment to fulfilling this. The Chief Officer will continue to raise outstanding issues with the partner bodies and report to the IJB accordingly.</p>	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Officer	31 December 2022

Action Point Reference 2	
<b>Finding:</b>	
<p>Having carried out the statutory review of the current strategic and commissioning plan, the Strategic Planning Advisory Group found that the vision and strategic priorities, as well as the overall format of the plan, remained fit for purpose but work was required to update the action lists associated with each priority. An addendum to the original plan was published which is supported by care group strategic planning / commissioning statements and transformation plans and reflects priorities arising from Covid19 remobilisation activity. These actions will be monitored by the Strategic Planning Advisory Group (SPAG).</p> <p>The 5 year financial framework paper to be presented to the June 2022 IJB states a commitment to consolidated transformation programme reports in future.</p> <p>FTF have recently prepared a Strategy development checklist which expands on the five Ps: Principles, Process, Priorities, Parameters and Product.</p>	
<b>Audit Recommendation:</b>	
<p>Consideration will need to be given to how the IJB will receive assurance and monitor progress against these actions.</p> <p>It may be helpful for the IJB to self-assess against the FTF Strategy principles as part of their planning process.</p>	
<b>Assessment of Risk:</b>	
<p>Our assessment of the above finding is as follows:</p> <p>Significant  Weaknesses in control or design in some areas of established controls.</p> <p><b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b></p>	
<b>Management Response/Action:</b>	
<p><b>This issue is already being considered by the Strategic Planning Advisory Group for 2022/23 and in preparation for the implementation of the new Strategic and Commissioning Plan from 2023/24 onwards.</b></p>	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Finance Officer	31 December 2022

Action Point Reference 3	
<b>Finding:</b>	
Following each meeting of the PAC, minutes and a Chair's assurance report are provided to the IJB. However, there is no annual report to provide a conclusion on whether the PAC has fulfilled its remit and to provide its view on the adequacy and effectiveness of the matters under its purview.	
<b>Audit Recommendation:</b>	
We would recommend that, in future, the committee provides a year-end report to the IJB with a conclusion on whether it has fulfilled its remit and its view on the adequacy and effectiveness of the matters under its purview. It may also be helpful at this time of year for the Committee to reflect on any matters of concern for future consideration.	
<b>Assessment of Risk:</b>	
Our assessment of the above finding is as follows:	
Moderate	 Weaknesses in design or implementation of controls which contribute to risk mitigation. <b>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</b>
<b>Management Response/Action:</b>	
To be developed as recommended	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Finance Officer / Chair of PAC	28 February 2023

### Action Point Reference 4

#### Finding:

Whilst we note the improvement work undertaken in relation to risk management; there is currently no direct reporting to the IJB providing direct overt assurance on each of its strategic risks.

Nearly all agenda items can be linked to one of the organisation's strategic risks. However, these are not specifically reported in such a way that allows an assessment of whether for the related strategic risk:

- the risk score is correct,
- controls are adequate and operating effectively
- mitigating actions are being delivered
- overall the risk is being mitigated effectively

Action is to be taken to link risk and performance management. However, there is currently a lack of data or other performance reporting against many of the highest strategic risks of the organisation, including in particular Drugs & Alcohol Services.

The Getting it Right for Everyone (GIRFE) Steering Group is still considering how assurance over hosted services should operate pan-Tayside. Implementation of this will be crucial for the IJB to receive assurance in relation to some of its new significant strategic risks including Primary Care Services and Mental health.

We previously commented that the IJB does not currently receive specific staff governance assurances from the employing partners and recommended that the overall review of assurances on strategic risks to the IJB should include assurances over staff governance. We would note that staff resource is one of the highest risks of the organisation scored at the highest possible 5x5.

#### Audit Recommendation:

The IJB should receive of relevant, reliable and sufficient assurances against its strategic risks especially high scoring ones (above the risk appetite to be established). Such reporting could be through adapting existing reporting processes to ensure they signpost the relevant information to conclude on the areas listed above, or through specific deep dive assurance reports against individual risks.

For some risks, assurance will have to come from other organisations including other IJBs and partner bodies.

#### Assessment of Risk:

Our assessment of the above finding is as follows:

Significant




Weaknesses in control or design in some areas of established controls.


**Requires action to avoid exposure to significant risks in achieving the objectives for area under review.**


<b>Management Response/Action:</b>	
Recommendation to be adopted through assessing against planned substantive service specific reports to be taken to the IJB during the year and ensure a high quality risk assurance assessment is included as standard in reporting	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Finance Officer	31 December 2022




Action Point Reference 5	
<b>Finding:</b>	
A draft Directions Policy & Procedure is being considered as an associated document with the revised Integration Scheme. This Policy seeks to enhance governance, transparency and accountability between the IJBs, Local Authorities and NHS Tayside, by clarifying responsibilities and relationships to address the statutory guidance issued in 2020 in response to the proposals of the Ministerial Strategic Group (MSG) Health and Community Care Review of Progress with Integration.	
<b>Audit Recommendation:</b>	
We would reiterate our position that as part of any further developments in this area, consideration should be given as to how clinical and care governance arrangements will feed into the formation of IJB directions.	
<b>Assessment of Risk:</b>	
Our assessment of the above finding is as follows:	
Moderate	 Weaknesses in design or implementation of controls which contribute to risk mitigation. <b>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</b>
<b>Management Response/Action:</b>	
Issues of clinical and care governance will be considered where relevant in the issuing of Directions	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Officer / Chair of Clinical Care and Professional Governance Group	31 December 2022

Action Point Reference 6	
<b>Finding:</b>	
There is no detailed monitoring of the position of individual savings initiatives to clearly show identified versus realised savings. We have been informed that this is due to the fact the initiatives in 2021/22 in the main were considered low risk (&non- recurrent) savings where outcomes are already known.	
<b>Audit Recommendation:</b>	
Given that the future financial framework will carry much larger risks for the financial sustainability of the organisation with the resultant need for transformation and service redesign, consideration should be given to the format and content of reporting on savings progress so that potential shortfalls are highlighted as soon as possible together with an explanation of lessons learned and actions taken. Reporting should be clarified to ensure a distinction between realised savings to date and a best estimate of the full year amount, allow savings to date to be compared against trajectory, clarify the amounts achieved recurrently or non-recurrently and the source of the savings.	
<b>Assessment of Risk:</b>	
Our assessment of the above finding is as follows:	
Significant	 <p>Weaknesses in control or design in some areas of established controls.</p> <p><b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b></p>
<b>Management Response/Action:</b>	
The IJB's 2022/23 budget was balanced without the need for savings proposals therefore there are no agreed savings targets to measure performance against for the 2022/23 financial year. The recommendation will be adopted in future years or should emergent conditions mean that savings are required during 2022/23.	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Finance Officer	As required





Action Point Reference 7	
<b>Finding:</b>	
An overall assessment of progress in delivering the Risk Management Action Plan is included in the Governance Action plan (40% progress as at February 2022) but the individual actions are not reported to the PAC.	
<b>Audit Recommendation:</b>	
Reporting should clearly set out progress against individual actions to allow for clear monitoring of the maturity assessment.	
<b>Assessment of Risk:</b>	
Our assessment of the above finding is as follows:	
Merits attention	 <p>There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b></p>
<b>Management Response/Action:</b>	
A summary review of the individual actions will be undertaken and progress against each one presented to the PAC in a composite update report on risk management arrangements	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Finance Officer	30 November 2022

Action Point Reference 8	
<b>Finding:</b>	
Dundee HSCP provides regular, high-quality assurance reports to the NHS Tayside Care Governance Committee as well as the PAC. An annual report for the year is planned for the June IJB and provides positive assurance on the work of the group. Throughout the year the level of assurance provided was moderate. The report is comprehensive and well-written, but does not reference relevant strategic risk, or areas for development.	
<b>Audit Recommendation:</b>	
There might be benefit in it being used to reflect on key concerns during the year and priorities for the coming year, as well as views on the relevant Strategic Risks.	
<b>Assessment of Risk:</b>	
Our assessment of the above finding is as follows:	
Merits attention	 <p>There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b></p>
<b>Management Response/Action:</b>	
Noting the positive comments around the comprehensive and well written annual report, this element of potential improvement will be considered for the next annual report.	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Officer / Chair of Clinical Care and Professional Governance Committee	30 June 2023

Action Point Reference 9	
<b>Finding:</b>	
As set out under the performance section above, the percentage of care services graded 'good' (4) or better in Care Inspectorate inspections has deteriorated since the 2015/16 baseline. We note the analytical report provided to the February 2022 PAC which makes reference to internal monitoring and quality assurance processes.	
<b>Audit Recommendation:</b>	
The output from internal monitoring and quality assurance processes for care services should be overtly included within the clinical and care governance assurance reports and their quality should be assessed through triangulation with the results of external inspections.	
<b>Assessment of Risk:</b>	
Our assessment of the above finding is as follows:	
Merits attention	 <p>There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b></p>
<b>Management Response/Action:</b>	
The performance of care services is closely monitored with designated lead officers and contracts officers from the HSCP regularly meeting with care providers and areas of concern are identified and actions agreed at an operational level as required. Support and advice is given to providers who are deemed to be operating below acceptable levels of care. A "deep dive" report was provided to the PAC in February 2022 which found there was no clear trend or explanation for the deteriorating performance. The performance of care providers will continue to be monitored with performance data/reports to the Clinical Care and Professional Governance group who will also consider the findings of external scrutiny reports in relation to these services in order to identify any further action required and determine the appropriate level of assurance.	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Officer / Chief Social Work Officer/Chief Finance Officer	Ongoing

**Assessment of Risk**

To assist management in assessing each audit finding and recommendation, we have assessed the risk of each of the weaknesses identified and categorised each finding according to the following criteria:

Risk Assessment	Definition	Total
Fundamental	 <p>Non Compliance with key controls or evidence of material loss or error. <b>Action is imperative to ensure that the objectives for the area under review are met.</b></p>	<b>None</b>
Significant	 <p>Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores. <b>Requires action to avoid exposure to significant risks to achieving the objectives for area under review.</b></p>	<b>Four</b>
Moderate	 <p>Weaknesses in design or implementation of controls which contribute to risk mitigation. <b>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</b></p>	<b>Two</b>
Merits attention	 <p>There are generally areas of good practice. <b>Action may be advised to enhance control or improve operational efficiency.</b></p>	<b>Three</b>