



REPORT TO: PERFORMANCE & AUDIT COMMITTEE – 29 MAY 2018

REPORT ON: AUDIT SCOTLAND ANNUAL REPORT 2016/17 – PROGRESS ON ACTION PLAN

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: PAC11-2018

1.0 PURPOSE OF REPORT

The purpose of this report is to provide the Performance and Audit Committee with an update of progress of the actions identified and agreed as a response to the recommendations outlined by Audit Scotland in their Annual Review of Dundee Integration Joint Board 2016/17.

2.0 RECOMMENDATIONS

It is recommended that the Performance & Audit Committee (PAC):

- 2.1 Notes the contents of this report and progress of the actions agreed as part of Audit Scotland's Annual Review 2016/17 as set out in Appendix 1 to this report.
- 2.2 Instructs the Chief Finance Officer to progress the outstanding actions to ensure the completion of the action plan prior to the completion of the 2017/18 Audit Scotland Annual Review.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 BACKGROUND INFORMATION

- 4.1 At the meeting held on 12 September 2017, the Performance and Audit Committee considered report number PAC21-2017 (Audit Scotland Annual Report and Integration Joint Board Annual Accounts 2016/17) which included the external auditor's report for 2016/17. Appendix 1 of the external auditor's report highlighted issues/risks identified by Audit Scotland as part of their review of the IJB's activities and governance frameworks with recommendations for improvement. Agreed actions by management alongside timescales for completion were set out in response to these recommendations.
- 4.2 The PAC received a progress report at its meeting on the 27th March 2018 in relation to the specific Performance Management improvements identified as recommendation 5 of the Audit Scotland Report (report number PAC14-2018 – Audit Scotland Annual Report 2016/17 – Performance Management Improvements Update) which provided detail of the range of improvements in developing the IJB's performance management framework. An update of progress for the remaining actions from the 2016/17 report are set out in Appendix 1 to this report.
- 4.3 Members of the PAC will note that there has been progress with a number of the recommendations with others having not progressed in line with the agreed timescales. The Chief Finance Officer will progress the remaining actions prior to completion of the 2017/18 annual audit review.

5.0 RISK ASSESSMENT

Risk 1 Description	The risk that insufficient progress is made in responding to the recommendations made by Audit Scotland which may result in further comments/recommendations made by the external auditor as part of the 2017/18 annual audit review.
Risk Category	Governance
Inherent Risk Level	Likelihood 3 x Impact 4 = overall risk score 12 – High Risk
Mitigating Actions (including timescales and resources)	Implementation of the agreed actions as set out within the action plan
Residual Risk Level	Likelihood 3 x Impact 3 = overall risk score 9 – High Risk
Planned Risk Level	Likelihood 2 x Impact 3 = overall risk score 6 – Moderate Risk
Approval recommendation	Given the mitigating actions and progress made to date the risk is deemed to be acceptable.

6.0 POLICY IMPLICATIONS

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

7.0 CONSULTATIONS

The Chief Officer and the Clerk were consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

None.

Dave Berry
Chief Finance Officer

DATE: 8 May 2018

Issue / Risk	Recommendation	Agreed Management Action/Timing	Status Update – May 2018
<p>1. Hospital acute services (set aside) Included within the total IJB expenditure of £258.821 million is £21.059 million ‘set aside’ costs for hospital acute services. The figure is, essentially an estimate, based on 2014/2015 activity levels for hospital inpatient and day case activity and provided by NHS National Services Scotland’s Information Services Division.</p> <p>Risk In future years the sum set aside recorded in the annual accounts will not reflect actual hospital use.</p>	<p>NHS Tayside and the IJB should prioritise establishing revised processes for planning and performance management of delegated hospital functions and associated resources in 2017/18.</p>	<p>Action: Work is progressing locally and nationally to determine the most appropriate methodology for calculating and monitoring the value of the Large Hospital Set Aside.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Action by: March 2018</p>	<p>Work has continued throughout 2017/18 both locally and nationally to further develop the Large Hospital Set Aside methodology. Agreement has been reached across Tayside as to the methodology and calculation for 2017/18 based on activity levels provided nationally through Information Services Division (ISD) and local cost data which will be reflected in the 2017/18 annual accounts.</p> <p>Further guidance is anticipated nationally to support the use of the Large Hospital Set Aside as a commissioning budget as intended within the legislation.</p> <p>Revised Timescale For Completion: September 2018</p>
<p>2. Annual Governance Statement and Management Commentary: noncompliance with guidance and regulations A number of disclosures required by extant guidance and Regulations had not been presented appropriately in the Annual Governance Statement and Management Commentary in the draft annual accounts.</p> <p>Risk The annual accounts may not comply with current guidance and Regulations.</p>	<p>The IJB should ensure that there is a process in place to ensure that the requirements of existing guidance and Regulations are met.</p>	<p>Action: The Management Commentary and Annual Governance have been amended to ensure compliance with guidance and Regulations. Any further requirements will be reflected in future years.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Action by: June 2018</p>	<p>As noted, the 2016/17 Management Commentary and Annual Governance Statement have been amended accordingly.</p> <p>Further guidance, including a Good Practice Note on Improving the Quality of Local Authority Annual Accounts – Integration Joint Boards issued by Audit Scotland is being considered in drafting the 2017/18 annual accounts (to be presented to the 26 June 2018 Integration Joint Board).</p>

Issue / Risk	Recommendation	Agreed Management Action/Timing	Status Update – May 2018
<p>3. Financial Planning The IJB has financial projections for 2017/18 but financial planning does not currently extend beyond one year.</p> <p>Risk The IJB does not have robust financial plans to support the delivery of its longer term objectives.</p>	<p>The IJB should develop a robust medium to long term financial planning framework, in conjunction with its partners, to support delivery of its Strategic Plan.</p>	<p>Action: We will develop longer term financial planning in partnership with Dundee City Council and NHS Tayside as part of 2018/19 revenue budget setting process and beyond.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Action by: March 2018</p>	<p>Local Authorities and NHS Boards continue to receive annual budget settlements from the Scottish Government which restricts the ability to plan ahead with certainty. Given the challenging financial settlement for the IJB in 2018/19, the focus has been to develop a balanced budget position for this year. However work is progressing to model the level of resources required to meet future demographic demand for services such as social care which will be incorporated into a longer term financial planning process.</p> <p>Revised Timescale for Completion: March 2019</p>
<p>4. Delivery of internal audit plan The delivery of the 2016/17 internal audit plan has slipped, with the remaining planned outputs to be delivered to the November 2017 Performance and Audit Committee.</p> <p>Risk The IJB is not provided with timely information on the appropriateness of its current and developing governance arrangements.</p>	<p>Delivery of the internal audit plan should be kept under review to ensure reports are delivered in a timely manner.</p>	<p>Action: Monitoring of the Internal Audit Plan to become a standing item on the Performance and Audit Committee agenda.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Action by: November 2017</p>	<p>Action complete – an updated Internal Audit Plan Progress Report is presented to each Performance and Audit Committee.</p>
<p>5. Performance management improvements Although the IJB has developed a range of different mechanisms to scrutinise the performance and quality of services over the last year, it recognises that there is further work to be done during 2017/18.</p>	<p>An action plan should be prepared to deliver the improvements identified for the performance management framework. The action plan should be monitored by the Performance and Audit</p>	<p>Action: Work is progressing to assess required improvements and service capacity to inform the development of an action plan. This will be completed by the end of the calendar year for presentation to the Integrated Strategic Planning Group and Performance and Audit Committee, including recommendations around monitoring processes.</p>	<p>A report was presented to the March PAC outlining the detail of progress made within the IJB's performance management framework (Report PAC14-2018 – Audit Scotland Annual Report 2016/17 – Performance Management Improvements Update).</p> <p>Revised Timescale for Completion: Various – see PAC14-2018</p>

Issue / Risk	Recommendation	Agreed Management Action/Timing	Status Update – May 2018
<p>Risk: The IJB may not be fully effective in assessing its performance in delivering services.</p>	<p>Committee.</p>	<p>Responsible officer: Chief Finance Officer Action by: December 2017</p>	
<p>6 Audit Scotland national reports The IJB can be commended for considering and acting on Audit Scotland national reports on Health and Social Care Integration. Audit Scotland produces a number of other national reports that, whilst they do not relate specifically to the IJB, contain information that could be relevant to the IJB. There is no formal mechanism to ensure members have the opportunity to consider these reports.</p> <p>Risk Members may not be fully aware of emerging national issues in the public sector that may impact on their ability to deliver services locally.</p>	<p>The Chief Finance Officer should develop a system to allow for the consideration of relevant national performance reports and to report the main findings to members as appropriate.</p>	<p>Action: National performance reports to become a standing item on the Dundee Health and Social Care Partnership's Senior Management Team meeting agenda to consider appropriate reporting and information sharing forum.</p> <p>Responsible officer: Chief Officer Action by: September 2017</p>	<p>Action to be implemented immediately following review of frequency and agendas of Health and Social Care Partnership's Senior Management Team and Extended Management Team.</p> <p>Revised Timescale for Completion: May 2018</p>

