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**To:** Renfrewshire Health and Social Care Integration Joint Board Audit, Risk and Scrutiny Committee

**On:** 23 June 2023

**Report by:** Chief Internal Auditor

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**Heading:** Summary of Internal Audit Activity in Partner Organisations

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## **1. Summary**

- 1.1 The Renfrewshire Health and Social Care Integration Joint Board directs both Renfrewshire Council and NHS Greater Glasgow and Clyde to deliver services that enable the Renfrewshire Integration Joint Board to deliver on its strategic plan.
  - 1.2 Both Renfrewshire Council and NHS Greater Glasgow and Clyde have Internal Audit functions that conduct audits across each organisation and report the findings of these to the respective audit committees.
  - 1.3 Members of the Integration Joint Board have an interest in the outcomes of audits at both Renfrewshire Council and NHS Greater Glasgow and Clyde that have an impact upon the Integration Joint Board's ability to deliver the strategic plan or support corporate functions.
  - 1.4 This report provides a summary to the Renfrewshire Integration Joint Board's Audit, Risk and Scrutiny Committee of the Internal Audit activity undertaken within these partner organisations.
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## **2. Recommendations**

- 2.1 That the Integration Joint Board Audit, Risk and Scrutiny Committee are asked to note the contents of the report.
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## **3. Renfrewshire Council Internal Audit Activity**

- 3.1 The following Internal Audit reports have been issued to the Renfrewshire Council, which are relevant to the Integration Joint Board from 1 October 2022 to 31 March 2023.

Audit Engagement	Assurance Level (note 1)	Number and Priority of Recommendations (note 2)			
		Critical	Important	Good Practice	Service Improvement
Creditors	Reasonable	0	2	1	0
Procurement Quick Quote Processes	Substantial	0	0	2	0
Creditors – Purchase to Pay	No Assurance	1	2	0	0

*Note 1 – For each audit engagement one of four assurance ratings is expressed:*

*Substantial Assurance – The control environment is satisfactory*

*Reasonable Assurance – Weaknesses have been identified, which are not critical to the overall operation of the area reviewed*

*Limited Assurance – Weaknesses have been identified, which impact on the overall operation of the area reviewed*

*No Assurance – Significant weaknesses have been identified, which critically impact on the operation of the area reviewed*

*Note 2 – Each audit recommendation is assigned a priority rating:*

*Critical Recommendation - Addresses a significant risk, impacting on the area under review*

*Important Recommendation – Implementation will raise the level of assurance provided by the control system to acceptable levels*

*Good Practice Recommendation – Implementation will contribute to the general effectiveness of control*

*Service Improvement – Implementation will improve the efficiency / housekeeping of the area under review*

### 3.1.1 Creditors

The objectives of the review were to ensure that:-

1. There were documented procedures for the creation of new creditors;
2. There were adequate controls to ensure that only valid creditors are created;
3. There was adequate segregation of duties in relation to the creation of new creditors.

The controls in place over the five procurement systems tested are generally satisfactory. There were documented procedures in place for four of the five systems tested and segregation of duties for the creation of new suppliers and their subsequent payment was found to be in place for three of the five systems tested.

There was no segregation of duties in place for the creation of new suppliers and their subsequent payment on one of the systems tested, although this subsidiary system does not contain any bank account details. It should be noted that this system has now been replaced.

Superuser access alongside operational access for one of the systems has the potential to create a lack of segregation of duties. Management have accepted that this risk is mitigated as far as possible with the superuser not undertaking those operational tasks.

### 3.1.3 Procurement Quick Quote Processes

The objectives of the review were to ensure that:-

1. For contracts with a total value within the quick quote thresholds, quotations are sought from a minimum of 4 suppliers who have the experience and expertise to meet the council's requirements for the goods and services.
2. Where a quote is sought for the same requirement, a different group of potential suppliers is selected where possible.
3. There is appropriate approval for a non-competitive action in cases where only one supplier bids for the work.
4. The returned quotes are evaluated against the criteria in the quick quote specification, the most economically advantageous quote is selected and that appropriate sign off is received from the Director or authorised representative using the Contract Authorisation report prior to issuing award letters.

The contract award is published on the Public Contracts Scotland website.

The audit identified that satisfactory arrangements are in place which ensure adherence to the quick quote process. The council's contracts standing orders were temporarily updated at the beginning of 2022 with one of the principal changes being the lower threshold for quick quotes increasing from £10,000 to £25,000. It was recommended that a timescale should be agreed for

when the full review of the contract standing orders, including consideration of the increased threshold, will be completed and presented for approval by the Council.

### 3.1.4 Creditors – Purchase to Pay

The objectives of the review were to ensure that:-

1. Manual payments are only processed for valid suppliers/providers listed on the Exception List and are supported by the appropriate documentation.
2. There are monitoring processes in place to ensure that manual creditor payments made to suppliers/providers are reported to the relevant Service.
3. Services take appropriate action to investigate reasons for manual payments being made and where necessary ensure that any future payments are made in line with correct council approved payment methods.
4. The absence of recorded commitment information, as a result of manual payments, is not impacting budgets.

Manual creditor payments have not led to Contract Standing Orders being breached.

The current process in place for the passing and payment of manual invoices are not sufficient in several areas and creates several risks, particularly in relation to possible breaches of the Council's Contract Standing Orders.

The auditor has made recommendations to address these issues. Mainly, that council management should set a date to implement a 'No Purchase Order, No Payment' policy to ensure that the only manual payment invoices administered by the Purchase to Pay team are those with valid exemption codes. This will reduce the numbers of manual payment being processed, allow more checks to be carried out, and mitigate the risks associated with manual creditor payments. This will also provide the required time to reduce the number of manual payments being made and to notify all suppliers and staff of the change in policy.

Due to covid and other resourcing pressures, management have not sought corporate approval and support to implement this approach. Procurement staff and Business World staff have put procedures in place over the last 10 years to encourage budget holders to raise orders through the council's approved purchasing system, with a valid Purchase Order number. However, budget holders are still allowed to raise large numbers of manual creditor payments, resulting in an increased workload for Purchase to Pay staff to process them.

## 4. NHS Greater Glasgow and Clyde Internal Audit Activity

- 4.1 The following Internal Audit reports have been issued to the NHS Greater Glasgow and Clyde Audit and Risk Committee from 1 October 2022 to 31 December 2022, which are relevant to the Integration Joint Board. A summary has been provided for those reports, with recommendations graded from limited risk exposure to very high risk exposure and improvements graded from effective to major improvement required. The internal audit service is provided by Azets.

Audit Review	Audit Rating (note 1)	Risk Exposure and Number of Recommendations (note 2)			
		Very High	High	Moderate	Limited
Financial Systems Health Check (Payroll)	Minor Improvement Required	0	1	4	0
Sustainability and Value Programme	Minor Improvement Required	0	0	2	0
Capital / Estates Planning Neurological Science Project	Minor Improvement Required	0	0	2	1
Waiting List Management	Minor Improvement Required	0	0	2	0

*Note 1 – For each audit review one of four ratings is used to express the overall opinion on the control frameworks reviewed during each audit:*

*Immediate major improvement required – Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.*

*Substantial improvement required - Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.*

*Minor improvement required - A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.*

*Effective - Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.*

*Note 2 – Each audit recommendation is assigned a risk exposure rating:*

*Very high risk exposure - major concerns requiring immediate senior management attention.*

*High risk exposure - absence / failure of key controls.*

*Moderate risk exposure - controls not working effectively and efficiently.*

*Limited risk exposure - controls are working effectively but could be strengthened.*

#### **4.1.1 Financial Systems Health Check (Payroll)**

The objectives of the review were to ensure that:

1. Appropriate policies and procedures are in place, detailing the whole payroll process.
2. Changes to payroll standing data, including addition of starters, removal of leavers and processing of salary changes, are authorised and processed on a timely basis.
3. Payroll payments are made to valid employees only, at the correct and authorised rate.
4. Payroll payments are appropriately reviewed and approved prior to release and are reconciled for accuracy on a timely basis.

Overall, NHS Greater Glasgow and Clyde has robust and well-understood processes in place to ensure that payroll is processed accurately and on a timely basis.

Assurance was gained over the high level of accuracy within underlying employee records, as a result of the data analysis carried during this audit. Most notably, the analysis of Payroll data for the period September 2021 to August 2022 allowed confirmation that:

- Of 1059 new starts, 94% received their first pay in line with expectation. Detailed sample testing was undertaken of the remaining 6% and it was found that these related predominantly to employees where there was late notification on eESS by the Line Manager, resulting in a delay to their first payment. It was confirmed that for all new starts, Payroll processed these within 48 hours post notification and actioned in advance of the following pay run cut-off date.
- It was confirmed that 1045 of 1091 leavers in the period (96%) received their final pay in line with expectation, with exceptions identified for the remaining 46 (4%). In common with the testing of new starts, it was found that these exceptions were mostly due to late notification on eESS by the relevant Line Manager. Instances were identified of both underpayments (all subsequently rectified) and overpayments (all in the process of being recovered) to employees as a result. At the outset of the audit, management advised that timeliness of eESS processing by Line Managers was a known issue. During the audit work, it was confirmed that a series of briefing sessions for Line Managers was underway as a means of addressing the issue, with improvements already being realised.

As such, the key area for improvement identified from the audit relates to maintaining pace with current efforts to ensure line managers' adherence to eESS procedures for starters, leavers and payroll amendments. A number of less significant recommendations were also made concerning the strengthening of procedures and the elimination of paper forms, to make full use of the eESS system.

#### **4.1.2 Sustainability and Value Programme**

The objectives of the review were to ensure that:

1. The S&VP is clearly linked to the delivery of strategic and operational objectives, as well as wider national-level priorities required by Scottish Government;
2. Viable savings targets were proposed, appropriately scrutinised and approved that reflect the current financial environment and are underpinned by reasonable assumptions;
3. There is appropriate monitoring of the S&VP at both a Directorate and organisation wide level, with actions agreed to remediate areas of concern;
4. Directors and management teams have appropriate measures in place to ensure they can identify and deliver savings for their budgetary area, with appropriate communication and processes; and
5. Progress reports are prepared for the Board and management team on a regular basis that clearly articulate S&VP performance and illustrate the implications of current/forecast performance for the overall financial position.

As part of wider recovery from the Covid-19 pandemic, NHS Greater Glasgow and Clyde (NHSGGC) has reinvigorated the Financial Improvement Programme (FIP). The component financial plan for 2022/23 identified an overall financial gap of £174.5 million, with the FIP (recently rebranded as Sustainability and Value Programme) for 2022/23 setting out a recurring savings target of £54 million and the remaining £120 million due to be delivered through non-recurring solutions during the year.

From detailed review of a sample of four sector/directorate areas, it was found that NHSGGC has generally robust and effective arrangements in place to identify these savings and subsequently monitor progress towards their achievement, with an effective project/programme management approach being taken. As of month 9, £38.76m of recurring savings had been achieved against the £53.79m target (72%). The forecast to year end 2022/23 estimates achievement of £52.85m in recurring savings (98% of the target), which is a strong outcome and provides a good reduction in baseline for future periods. On a non-recurring basis, £137.91m of savings have been achieved, clearly exceeding the target and representing savings of 79% when viewed against the Boards overall financial challenge of £174.5m. The Acute Division have achieved £19.74m of savings and the Corporate areas have achieved £20.4m of savings. Other Board & Corporate expenditure has seen the greatest level of savings, with £97.8m of savings realised. The forecast position is £139.72m, taking into account the remaining pipeline of savings and the removal of high-risk projects.

Particularly good practice, was noted within Estates and Facilities who have demonstrated strong performance both in their achievement of targets and management of savings projects, with robust project management discipline consistently applied throughout. Two low risk opportunities for improvement were identified, most notably in ensuring operational teams are meeting and discussing schemes and savings on a regular basis as a means of ensuring those targets are realised.

#### **4.1.3 Capital / Estates Planning Neurological Science Project**

The objectives of the review were to ensure that:

1. A robust assessment of capacity and capability within NHSGGC to oversee the Neurological Science project was undertaken as part of the business case preparation;
2. Any gaps identified through this process were appropriately addressed prior to submission of the business case to the Scottish Government Health Directorate's Capital Investment Group;
3. The business case was properly costed using reliable forecasting methods and/or scenario planning. This included an assessment of opportunity cost;

4. The business case for the Neurological Science project was subject to appropriate internal scrutiny prior to submission, following consultation with external advisors where necessary;
5. There are clear governance structures in place to support ongoing governance and scrutiny of the project once it transitions from planning to implementation.

NHS Greater Glasgow and Clyde (NHSGGC) has undertaken the first stage of the capital investment process, known as the Initial Agreement for the Recovery and Renewal: Transformation of Specialist Neurosciences, OMFS and Spinal Injuries services in the West of Scotland, which was prepared for submission to the Scottish Government's Capital Investment Group. It was confirmed that this submission was aligned with the Scottish Capital Investment Manual and set out the case for change to transform, enhance and redevelop an extensive range of national, supra regional and clinical services currently delivered by NHSGGC.

There was an effective evaluation process which set out a long list of potential service delivery options and shortlisted to three delivery options to be considered in more detail at the Outline Business Case stage.

The improvement actions identified within this report largely relate to the Scottish Government Health Directorate Capital Investment Group's delay in approving the Initial Agreement and the lack of formal assessments relating to resourcing. Implementation of the improvement actions identified within the Management Action Plan will better support the capital planning arrangements.

#### **4.1.4 Waiting List Management**

The objectives of the review were to ensure that:

1. NHSGGC has policies and procedures in place for management of patient waiting lists that are consistent with national guidance and legislation;
2. These policies, in particular the Board's Access Policy, are applied consistently across sectors;
3. Controls are in place to ensure that individual patient records are accurate and comply with guidelines;
4. Reporting of waiting times performance is accurate and consistent at every level of the organisation.

Performance against waiting times targets for planned care continues to be a significant area of focus across the NHS. The demand for services has returned to and in some cases exceeded pre-pandemic levels, resulting in long wait times for patients and intense media and political scrutiny.

In common with the national picture, NHS Greater Glasgow and Clyde (NHSGGC) has found achievement of waiting times targets challenging as it recovers and remobilises from the impacts of the pandemic. There are challenging and complex issues underpinning performance against waiting times standards, notably a mismatch between supply and demand for planned care services. We recognise that strategic discussions are ongoing across the sector as a whole regarding the range of potential changes that would be required to drive improvement in patient waiting times.

These issues notwithstanding, this audit focused on the underpinning processes and controls over waiting list management within the current environment in which NHSGGC are operating. It was confirmed that NHSGGC has generally robust and effective arrangements in place to both manage waiting lists and ensure that patient care is prioritised in line with the Scottish Government's national Clinical Prioritisation Framework.

Three opportunities for improvement were identified, most notably in ensuring that underlying patient records are consistently updated to ensure that they are complete and accurate. Implementation of

these improvement actions will allow NHSGGC to more reliably monitor waiting times performance and identify areas where targeted intervention is required.

1. **Financial** - none.
  2. **HR & Organisational Development** - none.
  3. **Community Planning** - none.
  4. **Legal** - none.
  5. **Property/Assets** - none.
  6. **Information Technology** - none.
  7. **Equality & Human Rights** - none
  8. **Health & Safety** - none.
  9. **Procurement** - none.
  10. **Risk** - The subject matter of this report is the matters arising from the risk based Audit Plan's for Renfrewshire Council and NHSGGC in which the IJB would have an interest.
  11. **Privacy Impact** - none.
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**List of Background Papers** – none.

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