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

**On:** 31 January 2020

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**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 committee of the Internal Audit activity undertaken within these partner organisations during the period 1 April 2019 to 31 December 2019.
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## **2. Recommendations**

- 2.1 That the Integration Joint Board Audit Committee are asked to note the content 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 Audit Risk and Scrutiny Board, which are relevant to the Integration Joint Board.

Audit Engagement	Assurance Level (note 1)	Number and Priority of Recommendations (note 2)			
		Critical	Important	Good Practice	Service Improvement
Home Care – Contract Management	Substantial	0	0	2	0
GDPR and the Data Protection Act 2018	Substantial	0	0	2	3
Procurement – Quick Quote process	Reasonable	0	3	1	0
Key Financial Controls	Reasonable	0	2	3	0
Payroll	Reasonable	0	2	1	1

*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 Home Care – Contract Management

The objectives of the review were to ensure that, there were documented procedures in place to ensure the consistency of monitoring arrangements within Adult Services and the Corporate Procurement Unit (CPU) for the provision of independent care at home providers. The arrangements in place were sufficient to monitor the quality of care and contract requirements of care at home services and that there were adequate arrangements in place to record issues as they arise with an appropriate mechanism in place to satisfactorily resolve any issues with the relevant party in line with documented procedures.

The audit review provided substantial assurance that care at home services provide by contractors are being adequately monitored by CPU and Adult Services. We did recommend improvements in relation to the awareness of procedural documentation and the administration of the service aim for a two-year rolling programme for the quality assessment of providers to be maintained.

Management commenced a review of the end to end process. Guidance will be updated to reflect the findings of the review and will be circulated to all relevant staff. This will address the recommendations made in the internal audit report.

### 3.1.2 GDPR and the Data Protection Act 2018

The objectives of the review were to ensure that, data protection governance, structures, policies and procedures are adequate to ensure compliance with data protection legislation. Data registers are in place which record the information required by Article 30 of the GDPR. Documented, accurate and up to date records are kept of data sharing and data processing agreements. Arrangements are in place to ensure that Data Privacy Impact Assessments are undertaken when required, and arrangements are in place to provide training on GDPR to relevant employees.

The audit has identified that satisfactory arrangements are in place to comply with the General Data Protection Regulation 2018. Recommendations were made to ensure that the requirement to carry out Data Privacy Impact Assessments (DPIA's) is documented in project management guidance and that the system used to record DPIA's is updated to include references to relevant legislation and record the approval of each DPIA.

Management devised a temporary solution to enable them to update legislative references and evidence that DPIAs had been appropriately approved. A long term Sharepoint solution to enable DPIAs to be appropriately recorded and retained has been progressed with ICT. This is currently subject to testing by the Information Governance Team prior to sign off. Arrangements have been made to document the need for DPIAs in project management documentation.

### **3.1.3 Procurement – Quick Quote Process**

The objectives of the review were to ensure that, for contracts with a total value between £10,000 and £50,000 (excluding VAT), 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. Where a further quote is sought for the same requirement, a different group of potential suppliers is selected where possible. There is appropriate approval for a non-competitive action in cases where only one supplier bids for the work, and 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 audit has identified that improvements were required to the execution of the council's quick quote processes surrounding retaining evidence as to why different suppliers are not used for the same requirement and for approval of successful quotes by the service and CPU. Also, there were at the time of the review, no processes in place to analyse expenditure to ensure that spend for the same goods/services with a combined value of over £10,000 is procured using the quick quote method.

Management agreed to action the recommendations made by updating the quotation request form to record why suppliers were chosen, reminding staff that contract award reports must be signed by the appropriate personnel and arranging for data to be provided to Category Managers to enable them to verify that quick quotes are being used when appropriate.

### **3.1.4 Key Financial Controls**

The objectives of the review were to ensure that, bank reconciliations are undertaken timeously and variances are adequately followed up. Suspense and control accounts are regularly reconciled, cleared and independently reviewed. Feeder systems are reconciled to the general ledger. Debtors accounts are raised promptly, for the correct amount and coded correctly to the general ledger. Creation of new creditor master data is restricted and appropriately segregated. Creditor payments are paid promptly, for the correct amount and coded correctly to the general ledger and creditor manual payments are approved by an authorised officer.

The audit identified that debtors and creditors invoices were raised correctly but were delayed in being issued/paid on some occasions. Recommendations were made in the report to address issues with feeders not being reconciled to the general ledger and suspense accounts not being cleared.

Management agreed to implement the recommendations made, including improving the processes for ensuring that all appropriate reconciliations are undertaken.

### **3.1.5 Payroll**

The objectives of the audit were to ensure that, processes are in place to ensure that new starts are added timeously and accurately to the payroll. There is evidence that all pre-employment checks have been undertaken. Processes are in place to ensure that leavers are removed from the payroll timeously and accurately on receipt of properly authorised documentation. There is adequate segregation of duties over the new start and leaver processes, and an appropriate level of independent checks are undertaken on input.

The audit identified that reasonable procedures are in place for employee new starts and terminations. Appropriate segregation of duties and independent checks are in place. Some issues were identified in relation to service departments not notifying payroll services, on time to effect correct payments, to some employees. Procedures are now in place to initiate recovery of overpayments to some leavers.

A lot of work has been carried out on the issue of overpayments and amendments have been made to processes to identify overpayments early and raise invoices timeously. A salary adjustment policy is being drafted that will clearly set out management and employee roles and responsibilities for ensuring salary payments are correct; this is expected to support a reduction in the level of overpayments being created.

#### 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 Committee, which are relevant to the Integration Joint Board. A summary has been provided for those reports, with recommendations graded from improvements graded from effective to major improvement required. The internal audit service is provided by Scott Moncrieff.

Audit Review	Audit Rating (note 1)	Risk Exposure and Number of Recommendations (note 2)			
		Very High	High	Moderate	Limited
Capacity Planning – Delayed Discharges	Minor Improvement Required	0	0	1	0
Financial Systems Health Check	Effective	0	0	0	1
Grievance Process	Minor Improvement Required	0	1	3	0
IT Security	Substantial Improvement Required	0	2	5	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 Capacity Planning – Delayed Discharges

The control objectives assessed by the review were to ensure that, staff are aware of their roles and responsibilities over delayed discharges, with clear guidance; lines of accountability and escalation processes in place. Effective information systems monitor delayed discharges and the data collected is consistent, accurate (free from coding errors) and complete. Targets and performance indicators are in place and reviewed regularly to measure and monitor progress. Staff within wards are aware of the Daily Dynamic Discharge Plan; and engage with IJBs and social work on a timely basis to ensure delayed discharges are minimised as far as possible and results are evaluated and provide useful input to develop strategies to plan, manage and deliver initiatives to tackle delayed discharges over the medium and long term.

The review concluded that, NHS Greater Glasgow and Clyde has implemented generally robust and effective controls for the management of delayed discharges. We have noted one area of difference between the Discharge Policy as written and common discharge practice, but do not consider that this gives rise to significant risk. Implementation of the identified improvement action will, however, enable NHSGGC to further strengthen its control environment in this area. Management agreed to implement the recommendation made.

#### **4.1.2 Financial Systems Health Check**

The control objectives assessed by the review were to ensure that, procedures for payment of non-pay expenditure are fully documented and available to staff. Roles and responsibilities are clearly defined, with segregation of duties in place and appropriate authorisation limits for ordering and payments. Payments are made only in respect of valid and approved creditor accounts for goods and services confirmed as received. The purchase ledger is regularly reviewed to minimise any disputed or overdue accounts. All relevant certification has been completed by the Chief Executive at the appropriate stage of the transaction. Management information in relation to purchasing and accounts payable is subject to regular monitoring and review.

The review concluded that, NHS Greater Glasgow and Clyde (NHSGGC) has well-designed processes in place to ensure that non-payroll expenditure is processed effectively. We have confirmed that key controls over the recording, approval and payment of expenditure are generally operating effectively. We have identified one minor improvement action relating to management of aged and disputed creditor balances which will allow NHSGGC to strengthen its control environment overall in this area. Management agreed to implement the recommendation made.

#### **4.1.3 Grievance Process**

The control objectives assessed by the review were to ensure that, the NHSGGC Grievance Policy provides clear guidance to staff and managers on the processes to be followed when a grievance is raised. Roles and responsibilities for handling grievances are clearly defined and communicated, with training provided to all relevant staff. All grievances are handled within appropriate timescales and there is a regular communication with employees at each stage of the process. The Grievance Policy is consistently applied across all areas of the organisation. Best practice models for dispute resolution, promoted by NHS Scotland including mediation are promoted and utilised effectively within NHSGGC. Management information is provided to allow oversight of grievances raised within NHSGGC and the outcomes of the investigations.

The review concluded that NHS Greater Glasgow and Clyde has Grievance and Dignity at Work policies in place that are fit for purpose and consistently applied across the organisation. We have noted a weakness in compliance with certain aspects of these policies and procedures, most notably in respect of the length of time taken to resolve cases being significantly longer than outlined within the policies. Management agreed to implement the recommendations made.

#### **4.1.4 IT Security**

NHS Greater Glasgow and Clyde has heavily invested in Cisco tools for endpoints, emails, firewalls, and intrusion prevention to improve network security. This has also enabled the organisation to access improved threat intelligence and vulnerability scanning. Actions have been taken to reduce the number of vulnerabilities identified by these tools and improve awareness of cyber threats within the organisation via phishing exercises and follow up training.

The audit identified that improvements were required to ensure that access levels are accurate and complete. It also noted weaknesses in process and documentation for privileged and generic accounts reviews as part of a wider Active Directory user access, including the need to improve logging and monitoring of activity.

The review also recommended that the Board should ensure that there is a roadmap to remove legacy infrastructure and unsupported operating systems, where possible, from the network or ensure that multi layered controls are utilised to safeguard the Board. In addition, it is recommended a separate action plan should be put in place to continue to reduce the number of remaining vulnerabilities identified.

The findings included in the management action plan have been agreed with the audit contacts and sponsor. A timeline for the completion of actions has also been agreed, which will be followed-up as part of their quarterly follow-up process.

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## **Implications of the Report**

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 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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**Author:** Andrea McMahon, Chief Internal Auditor