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

On: 18 June 2021

Report by: Chief Internal Auditor

Heading: Summary of Internal Audit Activity in Partner Organisations

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.
-

2. Recommendations

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

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 January 2021 to 31 May 2021

Audit Engagement	Assurance Level (note 1)	Number and Priority of Recommendations (note 2)			
		Critical	Important	Good Practice	Service Improvement
Payments to Care Homes	Reasonable	0	2	2	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 Payments to Care Homes

The objectives of the review were to ensure that, there were adequate documented procedures in place for making payments which were available to relevant staff; there were appropriate procedures for preparing accurate financial assessments prior to clients becoming care homes residents and that there is an adequate review process in place; payments made are accurate and timely and payment amendments are processed timeously.

The audit has identified that financial assessments and payments to care homes were calculated correctly. However, it identified that signed payment schedules are not always being returned timeously by care homes and also that there was outstanding information which was delaying the completion of financial assessments.

Management agreed to implement monitoring and follow up processes to improved the timely submission of signed payment schedules. A review of the indicators for timely completion of the financial assessments has been undertaken and more appropriate performance indicators have been put in place and are being monitored.

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 January 2021 to 31 March 2021, 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	Minor Improvements Required	0	0	1	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

NHSGGC reported property, plant and equipment (PPE) with a value of £2.26bn within the 2019/20 annual accounts. It is essential that there are robust arrangements in place to ensure that PPE is consistently and accurately capitalised and depreciated over useful economic lives. NHSGGC also recognised changes in accounting for leases within the 2019/20 annual accounts. IFRS 16 supersedes IAS 17 and had been due to be applied by HM Treasury within the Government Financial Reporting Manual (FRm), effective 1 April 2020. The adoption of IFRS 16 will impact current lease agreements by requiring that leases are recognised as a ‘right to use’ asset on the statement of financial position alongside associated liability payments. NHSGGC had previously estimated the value of these “right-touse” assets at £30.9m for 2020/21; however, it is understood that implementation of the standard has been delayed to 1 April 2021.

In accordance with the 2020/21 internal audit plan, the review focussed on the controls in place for recording and accounting for property, plant and equipment. The review also examined lease agreements and steps taken to recognise the impact of IFRS 16 within future financial statements.

NHS Greater Glasgow and Clyde (NHSGGC) has generally robust and effective controls in place to accurately record and account for property, plant and equipment. It was confirmed that there is appropriate segregation of duties in place over capital additions and disposals, in line with the documented scheme of delegation; and that depreciation charges are system-generated, thereby reducing the risk of human error.

One minor improvement action was identified to ensure that disposals of fully-written down assets are reflected in the Fixed Asset Register (FAR) on a timely basis. This issue was already known to management and a detailed review of the FAR was underway as at the time of our audit fieldwork.

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

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 for Renfrewshire Council and NHSGGC in which the IJB would have an interest.
 11. **Privacy Impact** - none.
-

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor