



Integration Joint Board Co-bhòrd an Amalachaidh

Internal Audit Review

Scheme Review (5 Year review requirement)

Final Report – 2021/22-IJB 8

1 February 2022

**INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT
SCHEME REVIEW (5 YEAR REVIEW REQUIREMENT)**

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Date of Visit	December 2021
Draft Report Issued	13 January 2022
Management Response Received	30 January 2022
Final Report Issued	1 February 2022

Issued to:	
Chief Officer	Nick Fayers
Chief Finance Officer	Debbie Bozkurt

SECTION 1: EXECUTIVE SUMMARY

Introduction

- 1.1 The Report has been prepared following an internal audit review of the five year scheme review requirement as part of the operational annual internal audit plan for 2021/22. The purpose of the Report is to provide an overview of the Integration Joint Board's arrangements for the review of the integration scheme in terms of the objectives noted below.

Background Information

- 1.2 The Integration Scheme is an agreement required by legislation that explains which health and care functions and budgets will be delegated by the NHS and the Comhairle for integrated strategic planning and delivery of services. The law requires Health Boards and Local Authorities to explain which services they plan to deliver jointly, and the ways in which these services will be governed to ensure they are provided in a way that meets the needs of the people who receive them.
- 1.3 The scheme sets out that either Party can require that the Scheme is reviewed at any time, should changes to the scheme be deemed necessary or desirable. However, it must be reviewed by the Parties jointly within five years of the Date of Approval. Any such review is to be carried out jointly by the Parties. Where the Scheme is reviewed, the Parties are required to carry out a consultation process as required by the Act prior to obtaining approval.

Internal Audit Objective

- 1.4 In accordance with the remit outlined within the operational annual internal audit plan for 2021/22 and further documented within the agreed terms of reference, our internal audit work was designed to obtain assurance that the Integration Joint Board's arrangements for the review of the integration scheme were appropriate and operating as expected. In practice, we assessed whether the overall objective was being achieved by confirming that:
- There are arrangements in place to review the Integration Scheme in line with Scottish Government requirements;
 - Updates regarding the review are placed before the IJB with any amendments approved by the board as appropriate;
 - Progress and outcomes of the review are reported to the Scottish Government as required;
 - Where any amendments are made to the Integration Scheme, an updated version is placed on the IJB's website;
 - Associated high level documents such as the Financial Regulations are reviewed periodically.

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Concluding Remarks

- 1.5 Our detailed findings are included in the body of the Report. We would point out that the most significant issues arising from our review which require management attention are:
- Consideration is given to whether a full review of the integration scheme is still required as per the original requirements of the IJB; (Para 2.1)
 - An update should be provided to the IJB and Scottish Government on the status of the scheme review with any future amendments approved as necessary. (Para 2.1)
- 1.6 Based on the audit work carried out our overall opinion is that a limited level of assurance can be placed upon the control environment of the service/area under review.


Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.


A full list of opinions which an auditor may provide can be seen at Appendix C.


It should be noted that our findings and conclusions are based on the information made available to us at the time of our review. The current restrictions in place as a result of Coronavirus (COVID-19), together with home working is likely to have limited our access to some staff and documentation which requires to be acknowledged when considering the contents of the Report.


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1.7 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur, using the following criteria:

- | | |
|--|---|
| Grade 1
 | - “Critical” – High likelihood, High impact (HH)

“The weakness is almost bound to happen or is already happening (likelihood) and could have a significant impact on the Comhairle’s services, reputation, control, financial position, statutory, regulatory or constitutional compliance if not contained” |
| Grade 2
 | - “Contingent/Insurable Risk” - Low likelihood, High impact (LH)

“The weakness is unlikely to happen, but would have a significant impact on the Comhairle’s services, reputation, control, financial position, statutory, regulatory or constitutional compliance if it did occur” |
| Grade 3
 | - “Housekeeping” – High likelihood, Low impact (HL)

“The weakness is almost bound to happen or is already happening but is unlikely to have a material impact on the Comhairle’s services, reputation, control, financial position, statutory, regulatory or constitutional compliance, and can be contained” |
| Grade 4
 | - “Value for Money” – High likelihood, Value for money impact (HV)

“The weakness is almost bound to happen or is already happening but if contained would have a positive impact on economy, efficiency and effectiveness in the use of resources” |





Where we have identified isolated exceptions in our sample testing, and we consider that:-

- they are unlikely to recur; and
- would have no significant impact if they should occur;

we have classified them as low likelihood and low impact (LL), discussed them with relevant officers and detailed them in Appendix B to the Report.

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1.8 The recommendations can be summarised and prioritised as follows:

	Recommendations	Overall Gradings
2.1	Consideration is given to whether a full review of the integration scheme is still required as per the original requirements of the IJB.	
2.2	An update should be provided to the IJB and Scottish Government regarding the status of the scheme review with any future amendments approved as necessary.	
2.3	Where any amendments are made to the current scheme, any successor scheme should be placed on the website.	
2.4	Financial Regulations to be reviewed and submitted to the board for approval with annual reviews implemented thereafter.	

1.9 We would like to thank all staff for the co-operation and goodwill we received during the course of our internal audit fieldwork.

For Integration Joint Board Internal Audit Section
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1 February 2022

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SECTION 2 - DETAILED FINDINGS AND RECOMMENDATIONS

Control Objective 1: There are arrangements in place to review the Integration Scheme in line with Scottish Government requirements.

2.1

FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
	L	I			
<p>The integration scheme is required to be reviewed within 5 years of implementation with the original deadline being 16 June 2020. In March 2020 the Scottish Government stated that they would not require a full review to be carried out at that time due to the onset of the coronavirus pandemic and that, as a minimum, an initial review should be fulfilled. It also noted that the current integration scheme would remain in place until such time when a successor scheme be produced, if required.</p> <p>A report submitted to the IJB in September 2020 reiterated the need for an initial review, suggesting that dispute resolution be one area covered, and further recommended that a complete review be carried out by 1 April 2021 once a Chief Officer was in post. The board subsequently agreed that a full review be carried out as above.</p>					

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Control Objective 1: There are arrangements in place to review the Integration Scheme in line with Scottish Government requirements.

	FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
		L	I			
2.1	<p>A letter issued to all IJB's in August 2021 reiterated that scheme reviews were still outstanding in some areas and that this was still required, notwithstanding the NCS Consultation, as it was envisaged that the NCS would likely be in place by the end of the parliamentary term. It went on to request a timeline when reviews and related consultations would be undertaken and stated that, given the timescales for the NCS to be in place, scheme reviews must now be done at pace.</p> <p>We understand that due to the pressure on Health and Social Care at this time, it has not been possible to undertake a full review of the scheme. We were also informed that once more information was known regarding the outcome of the NCS consultation, this would be provided, however, this would likely be into April 2022. Furthermore, we understand that it had been agreed with the Scottish Government that a "light touch" review could be undertaken.</p>					

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Control Objective 1: There are arrangements in place to review the Integration Scheme in line with Scottish Government requirements.

	FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
		L	I			
2.1	We were later informed that an informal, "light touch" review, has been undertaken focusing specifically on dispute resolution. However, the board should consider whether a full review of the scheme is still required in line with its original request as outlined above.	H	H	Consideration is given to whether a full review of the integration scheme is still required as per the original requirements of the IJB.	1	In line with the requirement laid out a light touch review has been undertaken. It focused on the area of dispute resolution
	The Chief Officer will need to provide the IJB with an update of any progress on this matter. An update should also be provided to the Scottish Government as appropriate as to the current status of the scheme review and with an indication of timelines when this will be complete including any consultation processes that may be required.	L	H	An update should be provided to the IJB and Scottish Government regarding the status of the scheme review with any future amendments approved as necessary.	2	A brief report will be submitted outlining the above before the close of the current financial year (2021_22)

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Control Objective 4: Where any amendments are made to the Integration Scheme, an updated version is placed on the IJB's website.

2.2	FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
		L	I			
	The IJB website currently contains the original integration scheme which as stated above, remains in place until the time that a review is carried out with any potential successor scheme implemented. The Chief Officer will need to make the necessary arrangements for any future amended version of the scheme to be placed on the website as appropriate.	H	L	Where any amendments are made to the current scheme, any successor scheme should be placed on the website.	3	Once completed documents will hosted on the IJB website

Control Objective 5: Associated high level documents such as the Financial Regulations are reviewed periodically.

2.3	FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
		L	I			
	The financial regulations of the Integration Joint Board are available on the website. The document states that it is required to be reviewed at least annually. During our audit, we were informed that the document has not been officially reviewed, however, it is envisaged that this will be undertaken by June 2022, to allow for the current pressures being faced by staff as a result of the pandemic.	H	L	Financial Regulations to be reviewed and submitted to the board for approval with annual reviews implemented thereafter.	3	The review will be completed within the advised timescales.

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SECTION 3 - ACTION PLAN

REF.	RECOMMENDATION	RESPONSIBLE OFFICER	DATE OF IMPLEMENTATION
2.1	Consideration is given to whether a full review of the integration scheme is still required as per the original requirements of the IJB.	Chief Officer H&SCP	Once the system moves out of emergency footing
2.2	An update should be provided to the IJB and Scottish Government regarding the status of the scheme review with any future amendments approved as necessary.	Chief Officer H&SCP	Once the system moves out of emergency footing
2.3	Where any amendments are made to the current scheme, any successor scheme should be placed on the website.	Chief Officer H&SCP	Once the system moves out of emergency footing
2.4	Financial Regulations to be reviewed and submitted to the board for approval with annual reviews implemented thereafter.	Chief Officer H&SCP	June 2022

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT

Responsibility in Relation to Internal Controls

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

Responsibilities in Relation to Fraud and Corruption

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS

ITEM	ISOLATED EXCEPTION	RESPONSIBLE OFFICER	AGREED Y/N	DATE OF DISCUSSION

DEFINITION OF AUDIT OPINIONS

The standard definitions for internal audit assurance over an engagement are as follows:

Level of Assurance	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.