

Internal Audit



NHS Lothian Internal Audit review – Supporting the Edinburgh Integration Joint Board (EIJB) – Directions Setting

December 2019

Internal Audit Assurance assessment:

Objective Seven	Objective Eight	Objective Nine	Objective Ten
Significant Assurance	Significant Assurance	Moderate Assurance	Significant Assurance

Timetable

Date closing meeting held: No meeting held, client responded directly to draft report

Date draft report issued: 8 November 2019

Date management comments received: 14 November 2019

Date Final report issued: 18 December 2019

Date presented to NHS Lothian Audit and Risk Committee: 24 February 2020

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1. Introduction

Legal requirements

- 1.1 The Edinburgh Integration Joint Board (EIJB), established in April 2016, under the Public Bodies Joint Working Act 2014 (the Act) is responsible for commissioning, directing, and governing the activities of the Edinburgh Health and Social Care Partnership (the Partnership). The Partnership comprises NHS Lothian (NHSL), and the City of Edinburgh Council (the Council) who work together to deliver health and social care services for adults across the City.
- 1.2 Under the Act, the EIJB must produce a Strategic plan that sets out how they will plan and deliver services for their area over the medium term, using the integrated budgets under their control. The EIJB Strategic Plan for 2019-2022 was approved for consultation on 29 March 2019 and finalised by the EIJB on 20 August 2019.
- 1.3 In order to action the Strategic Plan, the EIJB must issue in writing, binding directions to the Council and/or NHSL. Directions can be issued at any time and once issued have no expiry date; they can also be withdrawn or amended at any time. The Good Practice Guidance on Directions issued by the Scottish Government in March 2016 makes it clear that directions must set out a clear framework of how each integrated health and social care function is to be exercised; the budget allocated and how that budget is to be used. It is also good practice to describe how the direction links to the strategic plan and any related performance outcomes against which completion of the direction can be measured.

Audit Scotland Review

- 1.4 The Audit Scotland review 'Health and Social Care Integration Update on Progress' published in November 2018 noted that the extent of the IJB's operational responsibility for delivering services is defined by the level of detail included in its directions to each partner, and that the more detailed its directions, the more it will monitor operational delivery. The report also highlighted the challenges associated with issuing directions where there are disagreements about governance arrangements, and the complications associated with the Chief Officer issuing directions to the Chief Executives of the Council and NHS who are effectively their line managers. The report confirms that these challenges reinforce the need for strong relationship building and the establishment of a collective agreement over policy direction, funding arrangements and vision for integration.

Ministerial Strategic Group for Health and Community Care review

- 1.5 Recognising that the pace and effectiveness of integration need to increase, the Scottish Government agreed that a review of progress by Integration Authorities would be taken forward with the Ministerial Strategic Group for Health and Community Care. At its meeting on 20 June 2018, the Ministerial Strategic Group agreed that the review would be taken forward via a small "leadership" group of senior officers.
- 1.6 On 4 February 2019 the Integration Review Leadership Group (the Group) published a set of proposals for ensuring the success of integration. These recognise that the Audit Scotland report provides important evidence for changes that are needed to deliver integration well; noted the

Group's agreement with Audit Scotland's recommendations; and recommends that they should be acted upon in full by the statutory health and social care partners in Scotland.

1.7 The Group proposals include a specific proposal on directions at 4(iv) which specifies that

- Clear directions must be provided by IJBs to Health Boards and Local Authorities;
- Revised statutory guidance will be developed on the use of directions in relation to strategic commissioning, emphasising that directions are issued at the end of a process of decision making that has involved partners; and
- Directions must be recognised as a key means of clarifying responsibilities and accountabilities between statutory partners, and for ensuring delivery in line with decisions.

1.8 The implementation timescale associated with this proposal is 6 months. It is understood that the Scottish Government will publish their revised statutory guidance in September 2019.

Current Status of EIJB Directions

1.9 In April 2019, the EIJB took the decision to revoke all existing directions. New directions will be developed following the consultation process for the draft EIJB Strategic Plan and will be set by the EIJB throughout the strategic planning cycle and aligned with planned EIJB transformation projects. Additionally, a new policy on directions will be produced for the EIJB.

1.10 This internal audit review has been planned to align with finalisation of the new directions policy; creation of new directions; and finalisation of the strategic plan.

1.11 There is a risk, recognised on the EIJB Risk register that NHS Lothian and the Council do not deliver directions because they are not well-articulated, properly understood, realistic/achievable and performance targets are not SMART.

Scope

1.12 The audit focus is limited to the content and design of the new EIJB Directions policy and the controls being applied by the EIJB to identify; create; approve; and communicate new and revised directions to the Council and NHSL. We will also consider with aligned with Audit Scotland; Integration Review Leadership Group; the new Scottish Government guidance; and are aligned with the revised EIJB strategic plan. The focus on the internal audit is very limited at this stage and does not give assurance that the subsequent controls to deliver the directions are designed or operate effectively.

1.13 We also considered the adequacy of plans to communicate Directions to the NHSL and the Council and the plans in place to review directions to ensure they remain relevant.

1.14 Excluded from the review was the process for setting directions for set-aside services and hosted budgets as work in this area is ongoing. Management has advised that a project team will be established to develop the approach to setting these directions which will require to be aligned with pan Lothian directions for the four Lothian IJBs.

1.15 It should be recognised that as NHS Lothian’s internal auditors we would usually aim to focus on the arrangements within the Health and Social Care Partnership (HSCP) to implement and deliver directions, instead of the reporting responsibilities to the IJB itself. However, given the current situation whereby the EIJB have revoked all existing directions and are in the process of creating new ones based on the new policy, it was agreed it would be beneficial to support the EIJB Chief Internal Auditor by considering how the new directions will be set and plans to communicate directions to the HSCP.

1.16 This is intended to provide assurance to the EIJB but also provide assurance that the new directions will give clear direction to the HSCP and be used as a basis for work going forwards. The review still forms part of the NHS Lothian 19/20 plan, as per the agreed reporting arrangements for the IJB.

Acknowledgements

1.17 We would like to thank all staff consulted during this review for their assistance and cooperation.

2. Executive Summary

Summary of Findings

2.1 The table below summarises our assessment of the adequacy and effectiveness of the controls in place to meet each of the objectives agreed for this audit. Definitions of the ratings applied to each action are set out in Appendix 3.

No.	Control Objectives	Assurance Level	Number of Findings			
			Critical	High	Medium	Low
1	A policy is in place to define how Directions are set and what information should be included.	Significant Assurance	-	-	-	-
2	The policy ensures Directions will clearly align to the Strategic Plan and follow best practice.	Significant Assurance	-	-	-	-
3	The policy ensures Directions set are achievable and are communicated with NHS Lothian and Edinburgh City Council, including setting expectations for their completion.	Moderate Assurance Refer to paragraph 2.7	-	-	-	-
4	A process is in place to ensure Directions are subsequently revised during the year in response to developments and there is a robust process in place to revoke/supersede previous versions.	Significant Assurance	-	-	-	-
Total			-	-	-	-

Conclusion

- 2.2 Considering the limitations in scope noted in paragraph 1.15, the new Directions Policy appears to ensure continued compliance with the provisions set out in relevant legislation and accompanying government best practice guidance for the creation, issue and monitoring of directions. However, it should be noted that the effectiveness of the policy in practice will not be adequately measured for some time after the approval and distribution directions to the EIJB partners.
- 2.3 Review of three of the nine of the directions developed confirmed that each are linked to the EIJB's strategic objectives (Direction 5, 6 and 8). Directions are further supported by a mapping exercise connecting each to the five Outline Strategic Commissioning Plans. Effective controls are also in place for the revision of directions where there has been a change in circumstances during the year.

Main findings

- 2.4 The new Directions Policy setting out the process for formulating, approving, issuing, monitoring and reviewing directions has been developed in line with the provisions set out in the Public Bodies (Joint Working) (Scotland) Act 2014 and emerging Scottish Government good practice guidance.
- 2.5 The Directions Policy and accompanying new directions have been approved by the EIJB and its Strategic Planning Group. The Policy has been created to support the formulation of directions at any time, following the submission of a Business Case or similar. All directions will be developed by representative from CEC and NHSL through the Strategic Planning Group, before submission to the EIJB for approval and contribution to the partner bodies.
- 2.6 The new directions, recently presented to the EIJB for approval support the Joint Board's strategic objectives.
- 2.7 We identified that further work is required to refine the performance measures and how the Performance and Delivery Committee will be able to monitor and review the Directions as per the new Directions Policy. This has already been highlighted in previous EIJB audits (IJB Directions, issued August 2017 and EIJB Financial & Budget Management, issued May 2019) with one medium and one high rated finding raised that have not yet been closed.

3. Management Action Plan

Control objective 1: A policy is in place to define how Directions are set and what information should be included

We identified no significant weaknesses in relation to the above control objective.

The new Policy setting out the process for formulating, approving, issuing, monitoring and reviewing directions has been developed in line with the provisions set out in the Public Bodies (Joint Working) (Scotland) Act 2014 and emerging Scottish Government good practice guidance.

At its meeting on the 20 August 2019, the EIJB approved the new Directions Policy, recommending that the Strategic Planning Group consider the set of initial draft Directions appended before being submitted them to the Joint Board for approval.

Subsequently, the Directions were reviewed by the Strategic Planning Group on the 23 September 2019. The SPG considered the directions and agreed that a final version be presented to the EIJB at its October meeting.

Also, The final report of the Ministerial Strategic Group (MSG) Health and Community Care Review of Progress with Integration, published February 2019, proposed enhanced governance and accountability arrangements in respect of directions.

The revised statutory guidance on directions underpins the new EIJB policy, with the new EIJB policy complying by setting out a clear framework for the setting and review of directions and confirming governance arrangements are in line with the recent work undertaken by the Good Governance Institute for the EIJB.

Control objective 2: The Policy ensures Directions will clearly align to the strategic Plan and follow best practice.

We identified no significant weaknesses in relation to the above control objective.

On 29 March 2019 the EIJB approved the draft strategic plan for 2019-202, with a final version approved on 20 August 2019.

In developing its Strategic Plan, the EIJB has remained focussed on its core strategic priorities. To achieve this it has initiated a transformation programme which will focus on a broad range of services aimed at rapid redesign.

EIJB Directions for 2019–2022 will emerge from the Strategic Plan and transformation programme. This will provide EIJB with the mechanism to action the Strategic Plan and form binding Directions to one or both of the Council and NHSL. In addition, the issuing of EIJB Directions will take place throughout the strategic planning cycle when key strategic and commissioning decisions are made about change, service redesign and investment/disinvestment.

Each project area identified within the Transformation Programme Workstreams has been linked to the EIJB' six Strategic priorities:

- Prevention and early intervention.
- Tackling inequalities.
- Person-centred care.
- Managing our resources effectively.
- Making best use of capacity across the system.
- Right care, right place, right time.

As the transformation programme evolves, further Directions will be submitted alongside formal business cases for EIJB consideration and approval.

Review of the current draft directions confirmed that there is a clear link between the directions and relevant strategic documentation. For example, Direction 6 'Implement the Seek, Keep and Treat Plan for people with substance misuse problems' is linked to the Prevention Strategy which forms part of the transformation programme.

The transformation programme has been designed around a comprehensive package of work which captures existing and emerging workstreams.

While the EIJB has approved the decision to alter the approach to the previous draft Strategic Plan, it requested reassurance that the outputs from the five Outline Strategic Commissioning Plans (OSCP) were being appropriately captured for ongoing consideration.

To achieve this, the OSCP outputs have been carefully mapped to the transformation programme within the strategic plan.

Elsewhere, the Directions have been developed following a period of stakeholder involvement, primarily through the development of a business case or similar which will have

been subject to partner involvement during production. Going forward it is expected that business cases will be considered by the Executive Management Team and Strategic Planning Group, before being presented to the EIJB.

Also, the current directions adhere to a template that has been designed to clearly state what the direction is, which body they have been assigned to and the financial resources required.

Control objective 3: The policy ensures Directions set are achievable and are communicated with NHS Lothian and Edinburgh City Council, including setting expectations for their completion

Our review of the draft directions noted that each have performance measures, which have been summarised in a directions tracker. This will be used as a template for monitoring progress on the delivery of each direction on a six-monthly basis. Once the Directions have been issued by the Chief Officer in behalf of the EIJB, it will be the responsibility of CEC and NHS Lothian to comply and implement them. The EIJB's Performance and Delivery Committee is expected to assume responsibility for maintaining an overview of progress with the implementation of Directions, requesting reports from NHS Lothian and the City of Edinburgh Council.

While it was identified that further work is required to refine the performance measures and how the Performance and Delivery Committee will be able to monitor and review the Directions as per the new Directions Policy. This has already been highlighted in previous EIJB audits (IJB Directions, issued August 2017 and EIJB Financial & Budget Management, issued May 2019) with one medium and one high rated finding raised that have not yet been closed.

Consequently, the completion of management actions will be monitored through the CEC internal audit follow-up process.

Without an effective means of monitoring progress aligned with the development of SMART objectives, there is a risk that directions will not be effectively monitored and achieved.

Control Objective 4: A process is in place to ensure that Directions are subsequently revised during the year in response to developments and there is a robust process in place to revoke/supersede previous versions

We identified no significant issues in relation to this control objective.

According to the new Directions Policy, the revised process for formulating, approving, issuing and monitoring directions should support the formulation of directions at any point of the year.

The development of new or revised directions will be informed by a number of factors including but not limited to:

- Content of the EIJB Strategic Plan, reviewed annually.
- Specific service redesign or transformation programmes linked to an approved business case.
- Financial changes or developments.

EIJB'S Strategic Planning Group has responsibility for considering all draft business cases or reports setting out change before submission to the EIJB.

Also, the new directions policy states that directions will be reviewed and issued at the start of the financial year. However, in order to provide flexibility and take account of strategic and financial developments and service changes, or a change in local circumstances, directions may be issued at any time subject to formal approval by the IJB.

As directions will continue to evolve in response to service change/redesign and investment priorities, new or revised directions may be formulated at any point during the year and submitted to the EIJB for approval.

All reports to the EIJB will identify the implications for directions and will make a clear recommendation regarding the issuing of directions.

4. Internal Audit Follow-up Process

- 4.1 Approximately two weeks following issue of the final Internal Audit report, a member of the Audit Team will issue an 'evidence requirements' document for those reports where management actions have been agreed.
- 4.2 This document forms part of the follow up process and records what information should be provided to close off the management action.
- 4.3 The follow-up process is aligned with the meetings of the Board's Audit & Risk Committee. Audit Sponsors will be contacted on a quarterly basis with a request to provide the necessary evidence for those management actions that are likely to fall due before the next meeting of the Audit and Risk Committee.
- 4.4 Considering the nature of this review, we would liaise with the EIJB Chief Internal Auditor when requesting evidence around the completion of the management action.

Appendix 1 – Staff Involved and Documents Reviewed

Staff Involved

- Planning and Commissioning Officer

Documents Reviewed

- EIJB Committee Terms of Reference and Good Governance Handbook
- EIJB Strategic Plan 2019-2022
- EIJB Minutes – 20/08/19
- EIJB Meeting Papers – 22/10/19 and 08/02/19
- New EIJB Directions Policy
- SPG Meeting Papers – 23/09/19
- Draft Directions
- EIJB Transformation Programme
- Primary Care Transformation Programme
- Combined Carers Strategy
- Scottish Government Seek, Keep and Treat Funding
- Mental Health Action 15 Funder Paper – presented to EIJB on 21/06/19
- Psychological Therapies Additional Investment Paper.- presented to EIJB on 20/08/19
- Updated Directions Tracker Spreadsheet

Appendix 2 - Definition of Ratings

Findings and management actions ratings

Finding Ratings	Definition
Critical	A fundamental failure or absence in the design or operating effectiveness of controls, which requires immediate attention
High	A key control failure has been identified which could be either due to a failure in the design or operating effectiveness. There are no compensating controls in place, and management should aim to implement controls within a calendar month of the review.
Medium	A control failure has been identified which could be either due to a failure in the design or operating effectiveness. Other controls in place partially mitigate the risk to the organisation, however management should look to implement controls to fully cover the risk identified.
Low	Minor non-compliance has been identified with the operating effectiveness of a control, however the design of the control is effective

Report ratings and overall assurance provided

Report Ratings	Definition	When Internal Audit will award this level
No assurance	The Board cannot take any assurance from the audit findings. There remains a significant amount of residual risk.	The controls are not adequately designed and / or operating effectively and immediate management action is required as there remains a significant amount of residual risk (for instance one Critical finding or a number of High findings)
Limited assurance	The Board can take some assurance from the systems of control in place to achieve the control objective, but there remains a significant amount of residual risk which requires action to be taken.	<p>This may be used when:</p> <ul style="list-style-type: none"> • There are known material weaknesses in key control areas. • It is known that there will have to be changes that are relevant to the control objective (e.g. due to a change in the law) and the impact has not been assessed and planned for. <p>The controls are deficient in some aspects and require management action (for instance one 'high' finding and a number of other lower rated findings)</p>
Moderate assurance	The Board can take reasonable assurance that controls upon which the organisation relies to achieve the control objective are in the main suitably designed and effectively applied. There remains a moderate amount of residual risk.	<p>In most respects the "purpose" is being achieved. There are some areas where further action is required, and the residual risk is greater than "insignificant".</p> <p>The controls are largely effective and in most respects achieve their purpose with a limited number of findings which require management action (for instance a mix of 'medium' findings and 'low' findings)</p>
Significant assurance	<p>The Board can take reasonable assurance that the system(s) of control achieves or will achieve the control objective.</p> <p>There may be an insignificant amount of residual risk or none at all.</p>	<p>There is little evidence of system failure and the system appears to be robust and sustainable.</p> <p>The controls adequately mitigate the risk, or weaknesses are only minor (for instance a low number of findings which are all rated as 'low' or no findings)</p>