



REPORT TO: East Lothian IJB – Audit and Risk Committee

MEETING DATE: 24 October 2017

BY: Chief Internal Auditor

SUBJECT: Internal Audit Reports – IJB Directions and Performance Targets & Reporting

1 PURPOSE

- 1.1 To inform the Audit and Risk Committee of the recently issued audit reports on IJB Directions and Performance Targets & Reporting.

2 RECOMMENDATION

- 2.1 That the Audit and Risk Committee note the contents of the audit reports.

3 BACKGROUND

- 3.1 The NHS Lothian Internal Audit team recently carried out reviews of the internal controls surrounding IJB Directions and Performance Targets & Reporting as part of the Audit Plan for 2016/17.
- 3.2 The main objective of the audits was to ensure that the internal controls in place were operating effectively.
- 3.3 The main findings from the audit work are outlined in the attached reports.

4 POLICY IMPLICATIONS

- 4.1 None

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial - None
- 6.2 Personnel - None
- 6.3 Other - None

7 BACKGROUND PAPERS

- 7.1 None

AUTHOR'S NAME	Mala Garden
DESIGNATION	Chief Internal Auditor
CONTACT INFO	01620 827326
DATE	13 October 2017

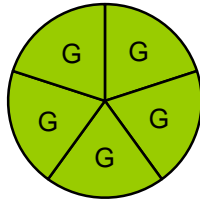
Internal Audit



IJB Directions – East Lothian

June 2017

Report Assessment



This report has been prepared for internal use as part of NHS Lothian's and East Lothian Integration Joint Board's internal audit service. No part of this report should be made available, quoted or copied to any external party without Internal Audit's prior consent.

Contents

Introduction	1
Executive Summary	2
Management Action Plan	4
Appendix 1 - Definition of Ratings.....	8

Introduction

The *Public Bodies (Joint Working) (Scotland) Act 2014* (the Act) places a duty on integration joint boards (IJBs) to develop a strategic plan for functions and budgets under their control. Sections 26 to 28 of the Act set out the method that IJBs should use to implement their strategic plan, which involves each IJB providing their health board and local authority with binding directions. Each IJB should issue directions relating to all of its delegated functions.

The Scottish Government also issued a *Good Practice Note (Directions from Integration Authorities to Health Boards and Local Authorities)* in March 2016. It states that directions should be made in writing and set out clearly how the functions should be delivered, provide detailed information on the related financial resources. In addition, the directions should state whether the health board or local authority are to perform the work individually or jointly.

Scope

This audit reviewed the directions issued by the East Lothian IJB, to ensure that they meet the requirements of the Act, the Good Practice Note, and the IJB's strategic plans. It also reviewed the arrangements in place to manage and report on progress to ensure that the requirements of the directions are applied in practice.

Acknowledgements

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

Executive Summary

Conclusion

There is good compliance with the *Public Bodies (Joint Working) (Scotland) Act 2014*, and the *Good Practice Note (Directions from Integration Authorities to Health Boards and Local Authorities)* issued by the Scottish Government in March 2016. In addition, the Directions for 2017-18 have been stated using SMART objectives and KPIs where relevant. However, the Directions do not clearly show how they link to the specific objectives stated in the IJB's Strategic Plan. The implementation of this recommendation will provide greater confidence to the IJB Board that the Directions will be implemented effectively.

Summary of Findings

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 1.

No.	Control Objective	Control objective assessment	Number of actions by action rating			
			Critical	Significant	Important	Minor
1	The requirements of the Act have been met.	Green				
2	The directions issued to date comply with the Scottish Government's Good Practice Note.	Green				
3	The priorities stated within the IJB's strategic plan have been reflected within the directions.	Green		1		
4	The directions have been clearly stated using SMART objectives and have, where relevant, related KPIs.	Green				
5	Reporting and monitoring arrangements are clear, have been reflected within commissioning plans, and are implemented in practice.	Green				

Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)

Main findings

There is good compliance with the *Public Bodies (Joint Working) (Scotland) Act 2014*, and the *Good Practice Note (Directions from Integration Authorities to Health Boards and Local Authorities)* issued by the Scottish Government in March 2016.

The Directions for 2016-17 have already been issued to NHS Lothian and the Council, and the 2017-18 Directions were agreed at the March 2017 meeting of the IJB Board.

SMART objectives are used in plans to help ensure that objectives are specific, measurable, achievable, relevant, and time-bounded. By stating objectives based on these criteria, they are more likely to be effectively implemented. In addition, the use of KPIs allows NHS Lothian and the Council to understand what is expected of them, and also allows the IJB to more effectively measure performance. The IJB's Directions for 2017-18 are stated using SMART objectives and KPIs where relevant.

It is vital that the IJB Board receives accurate information on how effectively NHS Lothian and the Council are implementing the Directions. The IJB has a policy document which sets out the overall process for creating directions and monitoring their implementation.

However, we have identified one significant issue for improvement during the review:

- the IJB's Directions for 2017-18 outline how each direction ties to key Scottish Government targets (such as the National Health & Wellbeing Outcomes indicators), and also the overall objectives of the IJB. However, there is no statement on how the directions link to the specific objectives stated in the Strategic Plan.

Further details of this point are set out in the Management Action Plan.

Management Action Plan

Control objective 1: The requirements of the Act have been met.

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

The *Public Bodies (Joint Working) (Scotland) Act 2014* (the Act) places a duty on IJBs to develop a strategic plan for functions and budgets under their control. Sections 26 to 28 of the Act set out the method that IJBs should use to implement their strategic plan, which involves each IJB providing their health board and local authority with binding directions. Each IJB should issue directions relating to all of its delegated functions.

Comparing key elements of the Act with the actions taken by the IJB showed that there is effective compliance with the Act.

Control objective 2: The directions issued to date comply with the Scottish Government's Good Practice Note.

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

The Scottish Government also issued a *Good Practice Note (Directions from Integration Authorities to Health Boards and Local Authorities)* in March 2016. It states that directions should be made in writing and set out clearly how the functions should be delivered, provide detailed information on the related financial resources. In addition, the directions should state whether the health board or local authority are to perform the work individually or jointly.

Comparing key elements of the Note with the actions taken by the IJB showed that there is effective compliance with the Note.

Control objective 3: The priorities stated within the IJB’s strategic plan have been reflected within the directions.	
3.1: Not all strategic plan objectives are stated in the directions	Significant
<p>Observation and Risk:</p> <p>An IJB’s integration scheme sets out those functions which are to be delegated to the IJB from the health board and the relevant local authority. The integration scheme should be used to inform the creation of the IJB’s strategic plan, which in turn should be used as part of the process of creating the IJB’s directions.</p> <p>East Lothian IJB’s Directions for 2017-18 outline how each direction ties to key Scottish Government targets (such as the National Health & Wellbeing Outcomes indicators), and also the overall objectives of the IJB. However, there is no statement on how the directions link to the specific objectives stated in the IJB’s Strategic Plan.</p> <p>There is a risk that the strategic plan is not implemented as directions may not be suitably aligned with strategic planning possibly resulting in conflicting directions, a lack of directions in some areas, or even of there being too many directions.</p>	
<p>Recommendation:</p> <p>All Strategic Plan objectives should be mapped to the Directions. Where there is no direction in place for a particular strategic plan objective (perhaps because it is scheduled for a future year), the IJB Board should be informed when the related direction will be made to NHS Lothian and the Council.</p>	
<p>Management Response: It is accepted that the link between the strategic plan and the directions could be made clearer in some cases. We used the agreed template to lay out the directions which we considered captured the various elements in the regulations well and paragraph 5 (Purpose and Strategic Intent) is designed to capture this link.</p> <p>Management Action: A clearer link between the strategic plan and the directions will be developed for the 2018/19 directions and any further directions the IJB may issue for 2017/18.</p>	
Responsibility: IJB Chief Officer	Target date: 31 March 2018

Control objective 4: The directions have been clearly stated using SMART objectives and have, where relevant, related KPIs.

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

SMART objectives are used in plans to help ensure that objectives are specific, measurable, achievable, relevant, and time-bounded. By stating objectives based on these criteria, they are more likely to be effectively implemented. In addition, the use of KPIs allows NHS Lothian and the Council to understand what is expected of them, and also allows the IJB to more effectively measure performance.

The IJB's Directions for 2017-18 are stated using SMART objectives and KPIs where relevant.

Control objective 5: Reporting and monitoring arrangements are clear, have been reflected within commissioning plans, and are implemented in practice.

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

It is vital that the IJB Board receives timely, relevant, complete, and accurate information on how effectively NHS Lothian and the Council are implementing the Directions.

The IJB has a policy document which sets out the overall process for creating directions and monitoring their implementation.

Appendix 1 - Definition of Ratings

Management Action Ratings

Action Ratings	Definition
Critical	The issue has a material effect upon the wider organisation – 60 points
Significant	The issue is material for the subject under review – 20 points
Important	The issue is relevant for the subject under review – 10 points
Minor	This issue is a housekeeping point for the subject under review – 5 points

Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)

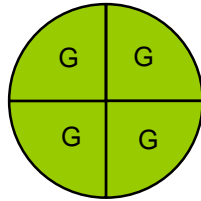
Internal Audit



Performance Targets & Reporting - IJBs

March 2017

Report Assessment



This report has been prepared solely for internal use as part of NHS Lothian's internal audit service. No part of this report should be made available, quoted or copied to any external party without Internal Audit's prior consent.

Contents

Introduction	1
Executive Summary	2
Management Action Plan	4
Appendix 1 - Definition of Ratings.....	8

Introduction

The Public Bodies (Joint Working) Scotland Act 2014 aims to provide better connected and co-ordinated services for adults through the integration of health and social care services. NHS Lothian participates in four Joint Boards, which are responsible for directing the provision of delegated functions.

The Scottish Government requires that each integration authority publishes an annual performance report, which sets out how effectively they are improving the National Health and Wellbeing Outcomes described within the Strategic Plan. The IJBs issue Directions to NHS Lothian to provide functions to service users and carers in line with the IJBs' strategic plans.

The IJBs must receive regular and accurate information on how effectively functions are being delivered, in particular with regard to the National Health and Wellbeing Outcome measures.

Scope

This audit considered the respective controls in place to ensure the accuracy and completeness of performance reporting information provided by NHS Lothian to the IJBs.

Acknowledgements

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

Executive Summary

Conclusion

There is effective provision of information to the IJBs by the Local Intelligence Support Teams (LIST), who are employed by the Information Services Division's (ISD). However, not all key high-level plans contain sufficient SMART objectives, and not all state the relevant KPIs. In addition, the IJB boards have not yet formally agreed the KPIs which should be reported to them and with what frequency. The implementation of these recommendations will provide greater confidence that IJB boards are receiving information that will enable them to determine if they are performing effectively.

Summary of Findings

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 1.

No.	Control Objective	Control objective assessment	Number of actions by action rating			
			Critical	Significant	Important	Minor
1	Reporting requirements within individual care commissioning plans meet the requirements of the IJBs' overall strategic plans.	Green		1		
2	NHS Lothian provides all required performance information to the IJBs, including statutory performance measures and compliance with directions, in line with agreed schedules.	Green		1		
3	The controls in place within NHS Lothian ensure that information provided to the IJBs is accurate and complete.	Green				
4	Local arrangements are in place within NHS Lothian to monitor and improve relevant performance targets, including any action plans required.	Green		1		

Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)

Main findings

The key information source for IJB boards is the Information Services Division (ISD), who collect information from NHS Lothian and other sources before performing data quality checks. Local Intelligence Support Teams (LIST) are ISD staff who have been working within NHS Lothian and the IJBs to provide on-site information provision and analysis. Senior officers from all four IJBs informed us that LIST staff have been very responsive in meeting information requests.

We identified three significant issues for improvement during the review:

- A selection of key high-level plans for the four IJBs were reviewed, namely those related to older people, learning disabilities, physical disabilities, mental health, and alcohol & drug misuse. Some plans were used jointly by one or more IJBs. Many of the plans did not state KPIs or the expected frequency of reporting to committee
- There has been limited reporting of KPIs related to key high-level plans to the IJB boards. However, it should be noted that the four IJB boards have not yet formally agreed the statistics that should be reported to them regularly
- A review of the 16 high-level plans for all four IJBs was performed, and showed that SMART objectives were in place for most plans. However, 5 plans (31%) did not contain SMART objectives for all sections. In addition, 1 plan (6%) contained implementation dates which were all in the past, indicating that these objectives were no longer current.

Further details of these points are set out in the Management Action Plan.

Management Action Plan

Control objective 1: Reporting requirements within individual care commissioning plans meet the requirements of the IJBs' overall strategic plans.	
1.1: High-level plans do not always include KPIs or state the frequency of reporting to committee	Significant
<p>Observation and Risk:</p> <p>Each IJB has high-level plans which are designed to guide the effective provision of healthcare to their populations, both now and in the future.</p> <p>A selection of key high-level plans for the four IJBs were reviewed, namely those related to older people, learning disabilities, physical disabilities, mental health, and alcohol & drug misuse. Some plans were used jointly by one or more IJBs. Of the 16 plans reviewed:</p> <ul style="list-style-type: none"> • 8 (50%) have no KPIs stated • 5 (31%) have either (i) some KPIs in place, (ii) KPIs which do not include numbers or percentages, or (iii) implementation dates which are in the past • 13 (81%) do not state the frequency of reporting of KPIs to committee • 10 (62%) do not state what committees should receive KPIs. <p>If KPIs are not stated and approved for individual high-level plans then there is a risk that the implementation of plans cannot be effectively monitored.</p>	
<p>Recommendation:</p> <p>KPIs should be stated for all objectives contained within the IJBs' key plans, including the plans for older people, learning disabilities, physical disabilities, mental health, and alcohol & drug misuse. These KPIs should then be approved by each IJB board.</p>	
<p>Management Response: Accepted.</p> <p>Management Action: KPIs will be stated for all objectives contained within the IJBs' key plans, including the plans for older people, learning disabilities, physical disabilities, mental health, and alcohol & drug misuse. Approval for the use of these KPIs will then be sought from the IJB Board.</p>	
Responsibility: IJB Chief Officer	Target date: 30 September 2017

Control objective 2: NHS Lothian provides all required performance information to the IJBs, including statutory performance measures and compliance with directions, in line with agreed schedules.	
2.1: The KPIs to be reported to IJB boards have not yet been agreed	Significant
<p>Observation and Risk:</p> <p>It is the responsibility of each IJB board to determine the information it wishes to receive. This information can come in the form of discussion with key NHS Lothian and local authority officers, and the receipt of statistics covering, for example, national outcome measures and the implementation of strategic plans.</p> <p>Key statistics relate to performance against the National Health and Wellbeing Outcomes (NHWO) indicators, which are required by the Scottish Government to be provided to IJB boards at least annually. The statistics for the first quarter of 2016-17 have only recently been provided to the HSCPs in January 2017 due to delays by ISD. As such, there has been limited reporting of NHWO statistics to the IJB boards.</p> <p>In addition, there has been limited reporting of KPIs related to key high-level plans (see Issue 1.1). However, it should be noted that the four IJB boards have not yet formally agreed the statistics that should be reported to them regularly.</p> <p>If key statistics are not reported to the IJB boards regularly there is an increased risk that high-level plans are not implemented effectively.</p>	
<p>Recommendation:</p> <p>The IJB chief officers should provide their IJB boards with a proposed list of key statistics relating to each high-level plan which they should receive reports on. Once the IJB boards have chosen which statistics they wish to receive, the statistics should be reported to them with the agreed regularity.</p>	
<p>Management Response: Accepted.</p> <p>Management Action: The IJB chief officer will provide the IJB boards with a proposed list of key statistics relating to each high-level plan which they should receive reports on. Once the IJB board has chosen which statistics they wish to receive, the statistics should be reported to them with the agreed regularity.</p>	
Responsibility: IJB Chief Officer	Target date: 30 September 2017

Control objective 3: The controls in place within NHS Lothian ensure that information provided to the IJBs is accurate and complete.

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

The key information source for IJB boards is the Information Services Division (ISD), who collect information from NHS Lothian and other sources before performing data quality checks. Local Intelligence Support Teams (LIST) are ISD staff who have been working within NHS Lothian and the IJBs to provide on-site information provision and analysis. Senior officers from all four IJBs have stated that LIST staff have been very responsive in meeting information requests.

Control objective 4: Local arrangements are in place within NHS Lothian to monitor and improve relevant performance targets, including any action plans required.	
4.1: High-level plans do not always include all necessary SMART objectives	Significant
<p>Observation and Risk:</p> <p>SMART objectives are used in plans to help ensure that objectives are specific, measurable, achievable, relevant, and time-bounded. By stating objectives based on these criteria, they are more likely to aid the effective implementation of plans.</p> <p>A review of the 16 high-level plans for all four IJBs was performed, and showed that SMART objectives were in place for most plans. However, 5 plans (31%) did not contain SMART objectives for all sections. In addition, 1 plan (6%) contained implementation dates which were all in the past, indicating that these objectives were no longer current.</p> <p>If SMART objectives are not stated for all relevant sections of high-level plans there is a reduced likelihood that these plans are achieved.</p>	
<p>Recommendation:</p> <p>The chief officer for each IJB should agree with their respective IJIB board what the key high-level plans are. For each of these plans, the chief officers should ensure that all key actions are phrased as SMART objectives. These objectives should then be approved by the IJB boards.</p>	
<p>Management Response: Accepted.</p> <p>Management Action: The IJB chief officer will agree with the IJIB board what the key high-level plans are. For each of these plans, the chief officer will ensure that all key actions are phrased as SMART objectives. These objectives will then be approved by the IJB board.</p>	
Responsibility: IJB Chief Officer	Target date: 30 September 2017

Appendix 1 - Definition of Ratings

Management Action Ratings

Action Ratings	Definition
Critical	The issue has a material effect upon the wider organisation – 60 points
Significant	The issue is material for the subject under review – 20 points
Important	The issue is relevant for the subject under review – 10 points
Minor	This issue is a housekeeping point for the subject under review – 5 points

Control Objective Ratings

Action Ratings	Definition
Red	Fundamental absence or failure of controls requiring immediate attention (60 points and above)
Amber	Control objective not achieved - controls in place are inadequate or ineffective (21 – 59 points)
Green	Control objective achieved – no major weaknesses in controls but may be scope for improvement (20 points or less)