



**REPORT TO:** East Lothian IJB Audit & Risk Committee

**MEETING DATE:** 5 December 2023

**BY:** Chief Internal Auditor

**SUBJECT:** Internal Audit Report – Change Board Governance

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## **1 PURPOSE**

- 1.1 To inform the Audit and Risk Committee of the recently issued audit report on Change Board Governance.

## **2 RECOMMENDATIONS**

- 2.1 The Audit & Risk Committee is asked to note the contents of the audit report.

## **3 BACKGROUND**

- 3.1 An assurance review of Change Board Governance has been undertaken as part of the Audit Plan for 2023/24.
- 3.2 The main objective of the audit was to review the adequacy and effectiveness of the arrangements in place for Change Board Governance within the East Lothian IJB.
- 3.3 The main findings from our audit work are outlined in the attached report which has been graded Reasonable Assurance.

## **4 ENGAGEMENT**

- 4.1 The findings from the review have been discussed with Management, but do not require wider engagement.

## **5 POLICY IMPLICATIONS**

5.1 None

## **6 INTEGRATED IMPACT ASSESSMENT**

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

## **7 DIRECTIONS**

7.1 The subject of this report does not require any amendment to or creation of Directions.

## **8 RESOURCE IMPLICATIONS**

8.1 Financial – None

8.2 Personnel – None

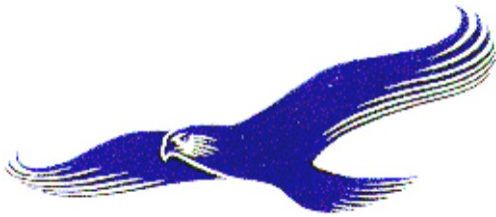
8.3 Other – None

## **9 BACKGROUND PAPERS**

9.1 None

### **Appendix 1: Internal Audit Report – Change Board Governance**

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<b>DATE</b>	29 November 2023



East Lothian Integration Joint Board  
Change Board Governance  
November 2023

Conclusion

Reasonable Assurance

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# 1 Executive Summary: Change Board Governance

## Conclusion: Reasonable Assurance

The East Lothian Integration Joint Board has established a 'Change Board' structure for monitoring the delivery of strategic priorities, however the recent report on the Structure and Governance Review of Change Boards, that was approved by the East Lothian Strategic Planning Group on 05/10/2023, identified weaknesses in the framework for Change Boards. Internal Audit supports the recommendations made in this report, although we have identified some further improvements, including recommendations being allocated a clear responsible officer and target date for implementation, the development of a review process to ensure that the recommendations are appropriately followed-up and an annual review of Change Boards' communication strategies with service users and stakeholders.

### Background

The East Lothian Integration Joint Board's Strategic Plan 2022 – 25 was formally approved by the Board on 15/09/2022 and has seven strategic objectives, including developing services that are sustainable and proportionate to need and delivering new models of community provision, working collaboratively with communities. A 'Change Board' structure has been established for monitoring the delivery of these strategic priorities, each Change Board is created with a remit to oversee a range of change projects and programmes arising from the strategic priorities and is chaired by a senior HSCP Officer. The governance framework in place requires Change Boards to present regular updates to the Strategic Planning Group outlining the progress being made towards the delivery of key workstreams. The recent report on the Structure and Governance Review of Change Boards approved by the East Lothian Strategic Planning Group on 05/10/2023 has been taken into consideration during this audit.

### Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by Management**:

- While the Strategic Planning Group have approved recommendations in respect of Change Boards, which are supported by Internal Audit, the recommendations have not been allocated a clear responsible officer or target date for implementation. *Management have agreed to produce an action plan for Change Boards, which will clearly outline the responsible officer and target date for each of the recommendations approved by the Strategic Planning Group by May 2024.*
- The East Lothian Integration Joint Board have yet to develop a review process to ensure that the recommendations approved by the Strategic Planning Group are appropriately followed-up. *Management have agreed to produce a combined Change Board Project Delivery Plan which will incorporate the implementation of the recommendations and will be reviewed by the Strategic Planning Group by August 2024.*
- Change Boards should undertake an annual review of their communication strategies with service users and stakeholders to confirm that all groups are being appropriately consulted. *Management have agreed to undertake a review of how Change Boards communicate with service users and stakeholders, in conjunction with the recommendations proposed in the report on the Structure and Governance Review of Change Boards by August 2024.*

### Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	3	-	3
Prior Report	-	2	3	5

### Materiality

The East Lothian Integration Joint Board incurred expenditure of £199.2 million in 2021/22 and had annual expenditure of approximately £214.7 million in 2022/23. The Integration Joint Board receives approximately two thirds of its funding from NHS Lothian and one third from East Lothian Council. The Integration Joint Board currently has six active Change Boards.

## 2 Headlines

Objectives	Conclusion	Comments
1. Change Boards have a clear Terms of Reference to support decision making by the Strategic Planning Group and the Integration Joint Board.	Reasonable	The East Lothian Integration Joint Board's Strategic Plan 2022 – 25 was formally approved by the Board on 15/09/2022 and has seven strategic objectives. The East Lothian Integration Joint Board has established a 'Change Board' structure for monitoring the delivery of these strategic priorities. The report on the Structure and Governance Review of Change Boards was approved by the East Lothian Strategic Planning Group on 05/10/2023 and identified weaknesses in the framework for Change Boards including their Terms of Reference. Internal Audit supports the key recommendations made in this report, however we have identified some improvements, including the need for recommendations to be allocated a clear responsible officer and target date for implementation. In addition, a review process requires to be developed to ensure that the recommendations are appropriately followed-up.
2. The delivery of projects and programmes is supported by an appropriate standardised process that is being utilised correctly.	Reasonable	From our review, we found that the report on the Structure and Governance Review of Change Boards identified that improvements were required in respect of standardised project documentation and made the following recommendation: 'Where projects are initiated by Change Boards, a Project Delivery Plan should be developed – a template will be provided for this (covering planned activity, timescales, engagement, measurable outcomes, links to IJB strategic priorities, etc.)'. Internal Audit supports this recommendation.
3. Arrangements are in place to ensure the use of reference and other involvement groups is reasonable and supports the delivery of the strategic objectives.	Reasonable	The use of reference and other involvement groups was appropriate to the delivery of the objectives for the Change Boards reviewed. The Community Hospitals and Care Homes Provision Change Board had a Communication and Engagement Strategy in place, however for the Carers Change Board, we were advised that communication is primarily by email, and that circulation and communication strategies require to be further developed. An annual review of communication strategies with service users and stakeholders should be undertaken to confirm that all groups are being appropriately consulted.
4. The Strategic Planning Group have governance processes in place across the Change Boards, which are appropriately managed and monitored.	Reasonable	For the two Change Boards reviewed, we found that regular updates had been presented to the Strategic Planning Group or IJB (SBAR reports) outlining the progress being made towards the delivery of key workstreams, however the report on the Structure and Governance Review of Change Boards recommended that: 'Improvements should be made to the administrative arrangements for Change Boards. This should include establishing a standardised approach to minuting meetings and to the filing of reports, minutes, and other Change Board outputs.' Internal Audit supports this recommendation.
5. Communication takes place across partner organisations for programmes of work or any change of Directions.	Reasonable	For the two Change Boards examined, we are advised that members of the partner organisations (East Lothian Council and NHS Lothian) attend the Change Board meetings and that key decisions which may impact on the partner organisations are communicated during these meetings. The decisions are subsequently summarised in the minutes of the meetings which are shared with all members.

### 3 Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	<p>The East Lothian Integration Joint Board has recognised the need for a review of Change Board Governance and the report on the Structure and Governance Review of Change Boards was approved by the East Lothian Strategic Planning Group on 05/10/2023. The following key recommendations were approved by the Strategic Planning Group:</p> <ul style="list-style-type: none"><li>• Change Boards should produce new / updated Terms of Reference (ToR) based on a generic template provided. ToR should then be reviewed annually to ensure that they are still appropriate, and that Change Board activity remains on track.</li><li>• Change Board ToR should include details of how they plan to engage with stakeholders and how stakeholder feedback will inform Change Board activity.</li><li>• ToR should, where appropriate, include arrangements for 'closing' Change Boards on completion of activity, including plans and timescales for final reporting to the SPG / IJB.</li><li>• Individual Change Boards should be required to produce an annual programme outlining projects / workstreams planned for the year ahead, including specifying dates for any reporting required to the SPG / IJB.</li><li>• Change Boards should focus on transformation / change projects and activities and should not be involved in overseeing operational activity. Regular review of Change Board ToR and annual programme planning will help to maintain this focus.</li><li>• Where projects are initiated by Change Boards, a Project Delivery Plan should be developed – a template will be provided for this (covering planned activity, timescales, engagement, measurable outcomes, links to IJB strategic priorities, etc.).</li><li>• Change Board membership should include the General Manager whose role links most closely to the Change Board remit. Where possible, the relevant General Manager should act as Chair for the Change Board (and will be responsible for appointing a Vice Chair).</li><li>• Membership of each Change Board should also include a Strategy Officer from the Planning and Performance Team whose role should include providing a link to other strategic activity.</li><li>• Change Board Chairs should be included in the membership of the SPG (with Vice Chairs attending the SPG in their absence).</li><li>• The current TEC Board should be established as a formal Change Board, with ToR and an annual programme plan as described above.</li><li>• Improvements should be made to the administrative arrangements for Change Boards. This should include establishing a standardised approach to minuting meetings and to the filing of reports, minutes, and other Change Board outputs.</li></ul>

# 4 Detailed Recommendations

## Terms of Reference

Objective 1	Findings & Risk 1	Grade	Recommendations
	<p>The East Lothian Integration Joint Board’s Strategic Plan 2022 – 25 was formally approved by the Board on 15/09/2022 and has seven strategic objectives, including developing services that are sustainable and proportionate to need and delivering new models of community provision, working collaboratively with communities. We found that a ‘Change Board’ structure has been established for monitoring the delivery of these strategic priorities.</p> <p>A report on the Structure and Governance Review of Change Boards was approved by the East Lothian Strategic Planning Group on 05/10/2023 and identified weaknesses in the framework for Change Boards including their Terms of Reference. In respect of Terms of Reference, the report recommended that: ‘Change Boards should produce new/updated Terms of Reference (ToR) based on a generic template provided. ToR should then be reviewed annually to ensure that they are still appropriate, and that Change Board activity remains on track.’</p> <p>The report on the Structure and Governance Review of Change Boards made a total of 36 recommendations. Internal Audit supports the key recommendations made in this report, however we have identified some further improvements, including the need for recommendations to be allocated a clear responsible officer and target date for implementation. In addition, a review process requires to be developed to ensure that the recommendations are appropriately followed-up.</p>	<b>Medium</b>	<p><b>1.1 Management should ensure that each of the recommendations approved by the Strategic Planning Group are allocated a clear responsible officer and target date for implementation.</b></p> <p><b>1.2 A review process should be developed to ensure that the recommendations approved by the Strategic Planning Group are appropriately followed-up.</b></p>

Management Response	Responsible Officer & Target Date
<p><b>1.1 Agreed – the Chair of each Change Board will be responsible for ensuring that the recommendations approved by the Strategic Planning Group are implemented.</b></p> <p><b>1.2 Agreed – a combined annual Project Delivery Plan will be brought to the Strategic Planning Group at the beginning of the reporting year, this will include follow-up to previous years and is in addition to the individual Change Boards reporting to the Strategic Planning Group.</b></p>	<p><b>1.1 Change Board Chairs May 2024</b></p> <p><b>1.2 General Manager – Planning and Performance August 2024</b></p>



# 4 Detailed Recommendations

## Reference and Other Involvement Groups

Objective 3	Findings & Risk 1	Grade	Recommendation
	<p>For a sample of two Change Boards (Carers Change Board and the Community Hospitals and Care Homes Provision Change Board), we checked to ensure that the use of reference and other involvement groups was reasonable and supported the delivery of the strategic objectives, and that the two Change Boards had appropriate communication strategies in place. The following points were noted:</p> <ul style="list-style-type: none"> <li>• The overarching remit of the Carers Change Board as per the Terms of Reference provided was the implementation of the Carers Strategy (Direction 14b) and the use of reference and other involvement groups by the Change Board was considered appropriate.</li> <li>• For the Carers Change Board, we were advised that communication is primarily by email, and that circulation and communication strategies require to be further developed. However, we are informed that when consulting on specific projects, in person sessions are offered, for example strategy outcomes sessions held at VCEL, Tranent and Leuchie House, North Berwick.</li> <li>• We were informed that one of the key workstreams for the Community Hospitals and Care Homes Provision Change Board was to revisit and oversee the East Lothian Integration Joint Board’s Direction 12l (previously 12d) in relation to community hospitals, care homes and the development of intermediate care services. The Change Board established three working groups (Communication and Engagement, Capacity and Planning, and Finance and Capital) to help consider community hospital and care home provision in East Lothian. This Change Board is now closed down with the Chief Officer and Senior Management Team being directed to develop a range of capacity options for inpatient community hospital and care home beds, together with intermediate care services based on the work carried out by the Change Board. From our review, we found that the use of reference and other involvement groups had been appropriate to the delivery of the Change Board’s strategic objectives.</li> <li>• The Community Hospitals and Care Homes Provision Change Board had a Communication and Engagement Strategy in place.</li> </ul>	<b>Medium</b>	<b>3.1 Management should ensure that Change Boards annually review their communication strategies with service users and stakeholders to confirm that all groups are appropriately consulted on key projects.</b>

Management Response	Responsible Officer & Target Date
<p><b>3.1 Agreed – service user and stakeholder engagement is included within each Project Delivery Plan template to evidence how stakeholders’ opinions will be incorporated into the Change Board. Decisions will be shared through normal communication channels, including communications with stakeholders, the Strategic Planning Group, the Integration Joint Board, the ELHSCP website and overall through the ELHSCP Communication and Engagement Strategy.</b></p>	<p><b>3.1 Change Board Chairs August 2024</b></p>

# A Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels 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.

## B Resource, acknowledgements & distribution list

Internal Audit	
Chief Internal Auditor: Duncan Stainbank	Senior Auditor: Andrew Steven

Review Dates	Completed By Date
Internal Audit Draft Report Submission	20 November 2023
Management Review Completion	23 November 2023
Final Report Issue	28 November 2023

Report Distribution	
Chief Officer East Lothian IJB	General Manager – Planning and Performance
Audit & Risk Committee Members	Audit Scotland

### **Acknowledgements:**

The weaknesses identified during the course of our audit have been brought to the attention of Management. The weaknesses outlined are those, which have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses, which may exist.

Although we include a number of specific recommendations, it is the responsibility of Management to ensure that adequate arrangements are in place for complying with Change Board Governance for the East Lothian Integration Joint Board.

The content of this report has been discussed with the General Manager – Planning and Performance to confirm factual accuracy. The assistance and cooperation received during the course of our audit is gratefully acknowledged.

