

## **Agenda Item 8**

# **Governance Statement Improvement Actions**



## Falkirk Integration Joint Board Audit Committee

17 November 2023

### Governance Statement Improvement Actions

#### For Noting

## 1. Executive Summary

- 1.1 This report provides an update on progress to implement a range of improvement actions identified through the annual governance statement and from various internal and external audit report recommendations.

## 2. Recommendations

The Audit Committee is asked to:

- 2.1 Note the progress report on improvement actions.

## 3. Background

- 3.1 As part of the annual accounts, the governance statement identifies a range of improvement actions designed to enhance the IJB's governance arrangements and system of internal control (including recommendations from both internal and external audit).
- 3.2 In order to track progress against the improvement actions, the Audit Committee previously agreed that a regular update would be provided as a standing agenda item.

## 4. Current Position

- 4.1 Improvement actions are grouped into 4 broad categories. These are listed below with additional detail contained in Appendix 1:
- Progress with Integration Scheme / MSG Self-Assessment;
  - Implementation of the CIPFA Financial Management code;
  - Audit Committee self-assessment against good practice principles;
  - Other Internal & External Audit Reviews.
- 4.2 For each broad category, the current position is noted in Appendix 1 together with a target completion date for the category. The RAG status is in respect of the target completion date, with Green indicating expected completion is in line with original timeline, Amber indicating some slippage in target completion, Red indicating significant slippage in target completion date. The comments column adds context to the RAG rating.

- 4.3 There has been progress since the previous audit committee with Integration Scheme and MSG self-assessment actions, with the MSG self-assessment being considered at the August Board Development Session and priority actions considered at the extended senior management team meeting in September 2023. An update was provided to the IJB Board in September within the Chief Officer report. The Chief Finance Officers have reviewed the finance section of the Integration Scheme and require one further meeting to finalise the revised section and in terms of the wider Integration Scheme review, the Chief Executive Officers have agreed to work collaboratively to complete the reviews and have identified external support to support progress and completion. The RAG rating for this item has been amended to Red reflecting the further slippage in overall timescales.
- 4.4 The self-assessment against the CIPFA Financial Management is a separate agenda item at the November 2023 Audit Committee.
- 4.5 The Audit Committee self-assessment will now be supported by Internal Audit as part of a revised Internal Audit plan for 2023/24. The Internal Audit update report to the November Audit Committee provides an update.
- 4.6 The 2022/23 Annual Accounts External Audit report was presented at the last Audit Committee and has now been added to section 4 (Other Internal & External Audit Reviews) within appendix 1. Previously this section included one overall RAG rating but this has been amended within the current report to separate the RAG ratings across several separate areas. Efforts have been made to avoid duplicate reporting of improvement actions recommended in more than one audit report.

## 5. Conclusions

- 5.1 Regular quarterly reports will be provided to all future audit committee meetings to update on progress to implement outstanding improvement actions identified through the governance statement (including internal and external audit recommendations as appropriate).

### Resource Implications

There are no resource implications arising from the report recommendations.

### Impact on IJB Outcomes and Priorities

The production and audit of annual accounts is a statutory requirement of the IJB.

### Directions

A new Direction or amendment to an existing Direction is not required as a result of the recommendations of this report.

### Legal & Risk Implications

There are no immediate legal or risk implications arising from the report

recommendations. Provision of regular progress reports provides a means to monitor performance and to enable timely corrective action to be implemented including escalation of issues as part of the IJB's risk management arrangements.

### Consultation

No consultation is required on this report. The audited accounts, including the annual governance statement are publicly available online.

### Equalities Assessment

EPIA Reference: 00481

An initial EPIA has been completed. This report provides an update on/overview of governance statement improvement actions including internal and external audit recommendations. The report asks the Board/Committee/SLT to note progress on improvement actions. The Board/Committee/SLT are not being asked to make a decision which will impact on people. Therefore, a full EPIA is not required.

Should any changes be made to the policies, procedures or services detailed within the report, a full EPIA may be required.

This initial EPIA will be kept under review.

## 6. Report Author

6.1 Steven Kirkwood, Chief Finance Officer

## 7. List of Background Papers

7.1 N/A

## 8. Appendices

**Appendix 1:** IJB Governance Statement Improvement Actions Status Report

## Appendix 1: Governance Statement Improvement Actions Status Report

Ref	Improvement Action	Current Position	Target Date	RAG Status	Comments
1.	Progress with Integration Scheme / MSG Self-Assessment	<p>Medical Staffing budget transfers which took place during 2022/23 will now be incorporated into the wider due diligence requirement from more recent transfers (below).</p> <p>Operational management of Primary Care, Mental Health and Health Improvement have transferred to HSCPs and a new Head of Service for Primary Care and Out of Hours Service Manager are in the process of being recruited. Other requirements may arise from the associated due diligence exercise.</p> <p>Baseline set aside activity metrics have not progressed recently and require to be progressed during 2023/24.</p> <p>Corporate support arrangements from both partners is part of the current review of the Integration Scheme.</p> <p>Risk sharing arrangements were agreed for 2022/23 and longer-term risk sharing arrangements are progressing as part of the review of the Integration Scheme. Chief Finance Officers from all 3 partners have held a series of meetings to produce a first draft of the Finance Section of the Integration Scheme. A final meeting is required to review the new draft before presenting this for consideration by Chief Execs/ Chief Officer as part of the wider Integration Scheme review.</p> <p>In terms of the wider Integration Scheme review, the Chief Executive Officers have agreed to</p>	T.B.C.	Red	RAG rating has been amended to Red given further slippage to timelines.

Ref	Improvement Action	Current Position	Target Date	RAG Status	Comments
		<p>work collaboratively to complete the reviews and have identified external support to support progress and completion.</p> <p>The Senior Management Team has reviewed the self-assessment against the Ministerial Strategic Group (MSG) recommendations, first prepared in May 2019 and this was presented at the Board Development Session on 25 August 2023 for review. The Chief Officer report to the September IJB Board meeting noted that further work on HSCP priorities will be undertaken with the Board, Strategic Planning Group and Senior Leadership Team and a paper will be presented to a future meeting for consideration.</p>			
2.	Implementation of the CIPFA Financial Management code	Self-assessment of IJB financial management arrangements against CIPFA recommended standards is complete and reported under a separate agenda item to the November 2023 Audit Committee.	December 2023	Green	RAG rating has been amended to Green on the assumption that the Audit Committee will approve the self-assessment at their November 2023 meeting.
3.	Audit Committee self-assessment against good practice principle	<p>This was a 2021/22 annual accounts external audit recommendation. Evaluation against CIPFA's 'Good Practice Audit Committees Principles Checklist' or 'Evaluation of Effectiveness Toolkit' to be progressed.</p> <p>The Internal Audit Plan for 2023/24 includes audit support for the internal assessment checklist.</p>	March 2024	Amber	No change to timelines since the previous Governance Statement Improvement Actions report.
4.		<p><b>2022/23 External Audit Report</b></p> <p>The recent external audit report included 7</p>		Green	This is newly added and accordingly has been RAG

Ref	Improvement Action	Current Position	Target Date	RAG Status	Comments
	Other Internal & External Audit Reviews	<p>recommended improvement actions, 2 of which were new and 5 were a continuation of previous improvement recommendations:</p> <p><b>New1:</b> Review service delivery models to support achievement of recurring savings to ensure financial sustainability.</p> <p><b>New2:</b> Ensure formal assurances received from partner bodies is expanded to include assurance over systems of internal control and governance arrangements at each partner body.</p> <p><b>Pre1:</b> The IJB should conduct a self-assessment against the CIPFA Financial Management Code.</p> <p><b>Pre2:</b> As part of the finalisation of the updated Integration Scheme, the IJB should work with Partners to ensure that corporate support arrangements remain adequate and fit for purpose.</p> <p><b>Pre3:</b> The IJB should ensure that longer term financial planning is in place to support the delivery of the Strategic Plan.</p> <p><b>Pre4:</b> The IJB should ensure that the Audit Committee is supported to conduct a self-assessment against good practice principles.</p> <p><b>Pre5:</b> The IJB should consider revising the self-assessment against the Ministerial Strategic Group recommendations, prepared in May 2019.</p> <p>The first new recommendation aligns with the internal audit recommendation below re Savings and future reports will avoid duplication by reporting progress in the section below only. The second new recommendation is different from the internal audit recommendation re</p>	<p>31 March 2024</p> <p>31 July 2024</p> <p>31 March 2024</p> <p>31 March 2024</p> <p>Now complete</p> <p>31 March 2024</p> <p>31 March 2024</p>		rated Green.

Ref	Improvement Action	Current Position	Target Date	RAG Status	Comments
		Assurance but, in order to streamline and simplify reporting, progress will be reported against the internal audit report Assurance item in future. This has a long target date as it will only be completed during next year's annual accounts. The remaining 5 recommendations are brought forward and as such progress will continue to be reported elsewhere in this report.			
		<b>Risk Management</b> - The risk management action plan identified 6 key actions and a number of sub actions. 2 of the key actions are now fully complete and the remaining 4 actions are either partially complete or in progress. Deep dives have recently commenced as noted elsewhere on today's agenda. Interim RM policy and annual performance report were presented to the Sept 2022 Audit Committee. Training requirements, risk appetite and final risk management policy are progressing broadly as planned.	March 2024	Amber	RAG rating unchanged. The full programme of deep dives will not be completed by March 2024 however the programme has commenced and will continue as business as usual. The Board Development session in October started risk appetite training with further development required.
		<b>Resilience &amp; Business Continuity</b> – 7 Internal Audit recommendations and a management Action plan were presented to the Sept 2022 Audit Committee. All 7 recommendations remain outstanding with limited progress due to capacity constraints, other than progress towards the new corporate business continuity system and some underlying, housekeeping improvements. The Business Management Co-ordinator will now support implementation of the Action Plan and is developing revised timelines, targeting June 2024 completion.	June 2024	Red	There has been limited progress since the management action plan was presented to Committee in September 2022 due to capacity constraints and a focus on other improvement action priorities. Target date has been amended to June 2024 and RAG rating changed to Red.

Ref	Improvement Action	Current Position	Target Date	RAG Status	Comments
		<p><b>2022/23 Internal Audit Annual Assurance report</b> - was presented to Audit Committee in June 2023 and included 7 recommendations concerning gaps in governance arrangements, annual assurances, risk management, clinical and care governance, workforce, directions and savings. Management responses were previously produced for 6 of the 7 recommendations. The management response for the 7<sup>th</sup> recommendation is currently being incorporated into the final report and will be circulated to all Board members shortly. Progress will be reported to Audit Committee via this Governance Improvement Actions standing committee report.</p>	Various / TBC	Green	The 7 <sup>th</sup> management action (re Workforce) will be incorporated into the final report and circulated shortly to Board members.