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| Meeting of East Renfrewshire Health and Social Care Partnership | Performance and Audit Committee |
| Held on | 25 November 2020 |
| Agenda Item | 7 |
| Title | Audit Scotland: Covid-19 Guide for Audit and Risk Committees |
| <p>Summary</p> <p>This report updates members of the Performance and Audit Committee on our response to the guidance issued by Audit Scotland on key issues for consideration by audit and risk committees during the Covid-19 pandemic.</p> | |
| Presented by | Lesley Bairden, Head of Finance and Resources (Chief Financial Officer) |
| <p>Action Required</p> <p>It is recommended that the Performance and Audit Committee:</p> <ul style="list-style-type: none"> ▪ Note the questions posed in the guidance have been considered by the Chair of the Committee, supported by the Chief Financial Officer and that there are no issues of concern. | |

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EAST RENFREWSHIRE INTEGRATION JOINT BOARD

PERFORMANCE AND AUDIT COMMITTEE

25 November 2020

Report by Head of Finance and Resources

AUDIT SCOTLAND: COVID-19 GUIDE FOR AUDIT AND RISK COMMITTEES

PURPOSE OF REPORT

1. To inform the Performance and Audit Committee of our response to the guidance issued by Audit Scotland on key issues for consideration by audit and risk committees during the Covid-19 pandemic.

RECOMMENDATION

2. It is recommended that the Performance and Audit Committee note that the questions posed in the guidance have been considered by the Chair of the Committee, supported by the Chief Financial Officer and that there are no issues of concern.

BACKGROUND

3. In August 2020 Audit Scotland published guidance on key issues for consideration by audit and risk committees during the Covid-19 pandemic: "Guide for Audit and Risk Committees" and this was brought to the September meeting of this committee.
4. At the September meeting it was agreed that the Chair of the Performance and Audit Committee would look at our response to the helpful questions posed with the support of the Vice Chair, Chief Internal Auditor and Head of Finance and Resources (Chief Financial Officer) as required.
5. This work has now been completed by the Chair of the Performance and Audit Committee with the support of the Chief Financial Officer.

REPORT

6. The committee will recall the Audit Scotland guidance poses a series of questions designed to assist auditors and public bodies to effectively scrutinise key areas that require additional focus including:
 - Internal control and assurance;
 - Financial management and reporting;
 - Governance; and
 - Risk Management.
7. The Performance and Audit Committee, as a sub-committee of the Integration Joint Board, has responsibility for overseeing and providing independent assurance on the four key areas detailed above.

8. As reported in September a number of the questions posed in the guidance can be answered and evidenced through the audited 2019/20 Annual Report and Accounts within the management commentary and the annual governance statement and our review and response to each of the questions is set out in Appendix 1.

CONCLUSIONS

9. Following review of our response the Chair of the Performance and Audit Committee and the Chief Financial Officer are content there are no concerns with the IJB's governance arrangements.

RECOMMENDATIONS

10. It is recommended that the Performance and Audit Committee note that the questions posed in the guidance have been considered by the Chair of the Committee, supported by the Chief Financial Officer and that there are no issues of concern.

REPORT AUTHOR AND PERSON TO CONTACT

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16 November 2020

Chief Officer, IJB: Julie Murray

| Exhibit 1 Internal controls and assurance | |
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| <p>What changes to internal controls have been required due to Covid-19?</p> <ul style="list-style-type: none"> • Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls? | <p>Delegated powers were agreed for Chief Officer in conjunction with Chair of IJB. Payment processes streamlined and agreed with internal audit and subsequently national principles introduced.</p> |
| <p>What new controls have been established to account for the distribution of any additional funds received?</p> <ul style="list-style-type: none"> • Have officers identified any weaknesses in new controls and if so, how are these being addressed? | <p>Coding introduced to ensure capture of Covid costs. Mobilisation cost tracker introduced as part of NHSGG board process reflecting funding route.</p> <p>Financial reporting maintained and annual report and accounts completed to timescale.</p> |
| <p>To what extent has your organisation assessed the impact of working remotely on the control environment and working practices?</p> | <p>The control environment was not adversely impacted, many of our staff already worked on an agile basis. We did need to extend agile working and provide additional equipment to ensure those staff who needed to work out with the normal environment could do so effectively.</p> |
| <p>Has internal audit reviewed their audit plan and assessed which projects might need to be cancelled, postponed or accelerated as your organisation navigates its way through the pandemic?</p> | <p>Our Chief Internal Auditor gave an update to September P&AC</p> |
| <p>How is management supporting internal audit to balance its 'routine' programme of work and that required to respond to Covid-19-related audit work?</p> | <p>Internal audit included in agreeing streamlined payment process. As we moved to recovery outstanding audit work is being picked up capacity permitting.</p> <p>Annual report and accounts work with internal audit completed to original timescale.</p> |
| <p>What impact has Covid-19 had on the annual reporting and accounting process?</p> <ul style="list-style-type: none"> • Has your organisation's timetable for the annual reporting process been considered for 2019/20 and 2020/21? If so, have the timetables been revised and updated accordingly? • Has the external auditor's annual audit plan been updated to assess and address new risks? | <p>Completed annual report and accounts to original sign off and submission timetable. Electronic authorisation used successfully. The audit and the plan took appropriate cognisance of pandemic issues.</p> |
| <p>To what extent has your organisation considered work undertaken by other organisations (via professional networks and bodies), or where appropriate, engaged with external experts to inform decision-</p> | <p>A number of local and national professional networks were established. This allowed us to share issues, experiences and learning. Examples include national Chief Officers, Tactical Chief Officers across NHSGGC allowed a board wide coordination and response and discussion with SG. CFOs and CSWOs peers as above.</p> |

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| <p>making around significant areas of change in response to the pandemic?</p> | <p>Meeting frequencies varied from initially daily to a few times a week to weekly.</p> <p>There are also a number of working groups established and the daily meeting to support care homes is a current and ongoing example.</p> <p>The HSCP has its own resilience meetings and is also a member of our partners processes.</p> |
| <p>How have IT services performed during the pandemic?</p> <ul style="list-style-type: none"> • To what extent have cyber security controls been considered? | <p>IT systems have performed well, particularly give the increase in remote systems use. Some minor issues where zoom was the hosting platform for external meetings but not supported. Microsoft Teams has become the default for the majority of meetings.</p> |
| <p>To what extent has management assessed the impact of Covid-19 on overall staff capacity?</p> <ul style="list-style-type: none"> • What areas have been identified as being under resourced and how is this being addressed? | <p>We have used a prioritisation process for service delivery, building capacity and initially for limited IT kit. We have increased resource in some areas through realignment, additional hours, overtime, agency and temporary posts. We have also used volunteers where appropriate.</p> <p>We have workforce as one of our recovery work streams,</p> |
| <p>What is your organisation doing to support its staff during the pandemic?</p> <ul style="list-style-type: none"> • To what extent have workload and working practices been adjusted to allow for the challenges that people may face when working remotely? • What guidance, advice or signposting has your organisation put in place to support staff wellbeing? | <p>Remote working and service prioritisation focussed on ensuring those most in need were supported and our staff quickly adapted and developed ways of working to minimise the impact where any frontline service was impacted. Our partner HR policies provide advice and guidance and practical support.</p> <p>Social distancing and PPE have been introduced through all working practices</p> <p>Our own HR work stream includes wellbeing across the HSCP and where a service has been particularly impacted the specialist resource will be made available (counselling, a sanctuary room).</p> |
| <p>What opportunities and risks have arisen as staff are deployed across departments?</p> | <p>Our prioritisation allowed staff to be targeted to the most critical services. Where we have had to set up new services and processes our staff have been incredibly dedicated and resilient: community assessment centre, PPE Hub, Care Home support, Flu vaccination clinics, changes to buildings are a few examples.</p> |
| <p>How is your organisation capturing the learning and opportunities that arise from new ways of working?</p> | <p>The recovery programme and associated plans aim to capture the learning and opportunities arising from the pandemic response. It is still too early to fully address recovery but we will continue to capture this through our ongoing service and recovery plan monitoring</p> |

| Exhibit 2 Financial management and reporting | |
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| <p>Is financial (and performance) information received in a timely manner, with sufficient detail, to inform the fast-paced changes that are required due to Covid-19?</p> | <p>Covid related costs are captured in a “tracker” that supports the mobilisation return to the SG through the NHS reporting by board.</p> <p>The implications are included in financial reporting to the IJB (and to our partners)</p> |
| <p>How is management assessing the financial impact of Covid-19 on income and expenditure?</p> <ul style="list-style-type: none"> • What processes or procedures have been put in place to assess, for example, new demands, new expenditure streams, savings from activity foregone and lost income? | <p>Ledger coding established to capture Covid expenditure for both health and social work service responses. The tracker captures the full financial impact of Covid including lost income and the lack of capacity to deliver our in-year savings programme.</p> <p>Sustainability payments to providers are in line with nationally agreed principles and a process established locally for governance of claims.</p> |
| <p>What information has been used in determining the value of assets and liabilities?</p> <ul style="list-style-type: none"> • To what extent have estimated valuations been impacted by Covid-19, for example, disruption to the revaluation of properties or market volatility impacting on investments? • What is the likely impact of Covid-19 on pension deficits and what does this mean for your organisation? | <p>The assets issue does not relate to the IJB and pension implications will be picked up through our partners.</p> |
| <p>What commitments and guarantees have been made to third parties, and how are these being monitored?</p> <ul style="list-style-type: none"> • Where relevant, how is your organisation ensuring that the impacts of the pandemic on its arm's-length external organisations (ALEOs) are being appropriately monitored? | <p>As above the sustainability payments for social care providers is underpinned by nationally agreed principles for capturing and evidencing additional costs incurred as a result of Covid.</p> <p>Engagement with care providers and a template for submission of additional costs to support payments through the HSCP is in place.</p> <p>More recently discussions with Scottish Care rep.</p> |
| <p>What impact has Covid-19 had on savings plans?</p> <ul style="list-style-type: none"> • Is your organisation on track to deliver these savings and if not, what plans are your organisation putting in place to help with this? | <p>Capacity for change, particularly our review of overnight support and our individual budget calculator mean that we are unlikely to deliver these savings by the start of the new financial year. The IJB is aware of this.</p> <p>This cost is included in our Covid tracker and whilst this had recently been revised to assume some savings in the current year this now looks less likely.</p> |

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| <p>What impact has Covid-19 had on transformational activity?</p> <ul style="list-style-type: none"> • If there has been or will be significant delays to activity or a failure to meet savings targets, what are the financial implications and how is management preparing for this? | <p>As above – savings plans aligned to change, including our digital programme have not had capacity to progress.</p> |
| <p>Is there sufficient capacity within the finance team to deal with competing pressures, such as preparing annual accounts, at a time when working practices are having to be adapted due to Covid-19?</p> | <p>Despite vacancies the finance team have done an incredible job supporting the HSCP and the CFO. The statutory annual accounts were submitted to the original timescale without impact on quality.</p> <p>Financial reporting has been maintained however development activity and some of the more routine tasks are now a lower priority than they otherwise would have been.</p> |
| <p>Exhibit 3 Governance</p> | |
| <p>What impact has Covid-19 had on governance arrangements?</p> <ul style="list-style-type: none"> • How is your organisation ensuring that effective oversight and scrutiny of key decisions is maintained as it responds rapidly to the challenges it faces during the pandemic? • Have any significant changes been made to governance arrangements due to the pandemic, for example, suspension of committees or increased use of delegated decision-making powers? • Where decisions are being made using delegated or emergency powers, how are these being recorded, made public and subjected to scrutiny by the relevant committee(s)? • Have changes to processes and procedures made in response to Covid-19 been reviewed and documented appropriately to comply with overall governance arrangements? | <p>With the exception of the March P&AC all other IJB and P&AC meetings have taken place using Microsoft teams.</p> <p>A number of working groups established and CO delegated powers as above.</p> <p>Decisions recorded through tracker and through IJB and partners reporting.</p> <p>A weekly update to IJB during lockdown and early response</p> |
| <p>Are governance arrangements being reviewed regularly to ensure they remain fit for purpose?</p> | <p>Our recovery included a Governance work stream and our programme is aligned to SG route map and strategy.</p> |
| <p>Are non-executive directors providing appropriate levels of support, scrutiny and challenge to your organisation as it responds to the current environment and new risks?</p> | <p>Attendance as normal at all meetings and working groups. IJB seminars will be re-established</p> |
| <p>What barriers, if any, have affected your organisation's ability to continue to provide services for individuals and communities during the pandemic?</p> <ul style="list-style-type: none"> • How have these barriers been overcome? • What was the impact on service users? | <p>Staff capacity due to absence, shielding, self-isolation or contact through track and trace. Individual and family preferences for a pause in service delivery. Social distancing. Virtual service delivery. Building reduced capacity and some building closures (daycare).</p> <p>Delays to Bonnyton House refurbishment and return delayed till October.</p> |
| <p>What impact has Covid-19 had on your organisation achieving its stated objectives?</p> | <p>The impact on our performance will be assessed in due course however our underpinning core values have been maintained throughout the pandemic response</p> |

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| <ul style="list-style-type: none"> • Does performance reporting highlight any changes on your organisation's ability to meet its objectives as a consequence of Covid-19? • Has the pandemic caused new risks to achieving your organisation's objectives? If so, how are these being addressed? | |
| <p>What impact has Covid-19 had on collaborative working?</p> | <p>The response to the pandemic has strengthened how we work with a range of partners and this is well reflected in the current strategic planning sessions.</p> <p>There are some areas where we have not been able to conduct face to face discussion and consultation as would have been our usual practice.</p> |
| <p>Exhibit 4 Risk management</p> | |
| <p>Are there new expenditure or procurement streams, or delivery methods arising from Covid-19 that introduce new risk?</p> <ul style="list-style-type: none"> • What indicators does management have to support informed decisions on risk and is this data available in real time? • Is your organisation's risk management strategy up-to-date to include risks associated with Covid-19? • What risks have emerged that need to be addressed and what protocols are in place to report and analyse emerging risks as the situation evolves? • Are risks being reported to the relevant committee? | <p>We have a Covid risk register and a recovery risk register, both supported by our prioritisation approach.</p> <p>We are embedding our business impact assessments and scenario planning as part of our winter plans by service and this will be refreshed every 6 months or so (or more frequently in the event of significant change) to maintain a live service plan for each area. This will also include the service risk.</p> <p>P&AC receive a strategic risk update at every meeting.</p> <p>We feed into partner risk processes</p> |
| <p>Has your organisation's risk register been updated to reflect new risks arising from Covid-19?</p> | <p>Yes – see above</p> |
| <p>Is there a need for management's risk appetite framework to be reviewed to ensure it is appropriate in this rapidly evolving environment?</p> <ul style="list-style-type: none"> • If so, when will the committee be informed of the outcome and any next steps? | <p>Yes - see above</p> |
| <p>How does Covid-19 impact on any financial risks already facing your organisation and how does this affect short, medium and long-term financial plans?</p> | <p>Significant implication in current year if costs are not fully funded, legacy savings will impact on 2021/22. Medium Term Financial Plan will be refreshed once implications from 2021/22 settlement is clearer. One year bridging strategic plan will support.</p> |
| <p>What impact does Covid-19 have on any scenario planning that your organisation has in place for events such as EU withdrawal and increasing budget uncertainty?</p> | <p>It is still difficult to quantify the exact implications from Brexit and to some degree this is overshadowed by Covid-19. Brexit planning continues and lessons learned from pandemic response (PPE as an example) can be drawn on to look at better mitigation or help prioritise scarce resource.</p> |

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