

Internal Audit Report

Better Care Fund (BCF) and Section 75 agreement review

December 2015

To:

Strategic Director for Commissioning
Commissioning Director - Adults and Health
Commissioning Director - Children & Young People
Chief Operating Officer

Copied to:

Adults and Communities Director
Family Services Director
Director of Assurance
Head of Governance
Head of Joint Commissioning, Barnet CCG and LBB
Head of Joint Commissioning, Barnet CCG and LBB
Adults Wellbeing Strategic Lead
Health & Wellbeing Commissioning Lead
Director of Resources
Assistant Director of Finance, Customer and Support Group (CSG)
Director of Integrated Commissioning, Barnet CCG
Head of Joint Children's Commissioning, Barnet CCG and LBB
Chair of CCG Audit Committee
Joint interim Chief Operating Officers, Barnet CCG
Director of Operations and Delivery, Barnet CCG

	No	Limited	Moderate	Substantial
Audit Opinion				

Acknowledgement	We would like to thank management and staff of Joint Commissioning (Adults and Children and Young People), Family Services, Education and Skills, Governance and Finance teams for their time and co-operation during the course of the internal audit.
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1. Executive Summary

a. Assurance level and direction of travel	Number of recommendations by risk category				
	Critical	High	Medium	Low	Advisory
Assurance level No assurance There is no audit of comparable scope that was undertaken in prior years to determine the direction of travel.	1	8	0	0	1

b. Scope
<p><u>Background</u></p> <p>The Better Care Fund aims to deliver better, more joined-up local services to older people (55 and above) with Long Term Conditions to care for them in the community, keep them out of hospital and avoid where appropriate unnecessary hospital stays.</p> <p>From April 2015, the Department of Health required London Borough of Barnet (LBB) and NHS Barnet Clinical Commissioning Group (CCG) to enter into a pooled budget for the delivery of the schemes of work in the Barnet BCF Plan approved by NHS England on 6 February 2015.</p> <p>Clinical Commissioning Groups (CCGs) are NHS organisations set up by the Health and Social Care Act 2012 to organise the delivery of NHS services.</p> <p>Section 75 (S75) agreements are set up in terms of Section 75 of the NHS Act 2006 to facilitate the pooling of budgets/contributions and to govern the delivery of related initiatives by Councils and CCGs in partnership.</p> <p>For BCF, the terms have been agreed through the Council's Policy and Resources</p>

Committee in March 2015 and by the CCG's Audit Committee in April 2015 although the agreement itself has not yet been signed at the time of issuing this report. Within the agreement the Council is the host/lead partner. The Council and CCG budgets, totalling £23.4m for 2015/16, are currently aligned and not 'pooled' as defined. Aligned budgets involve two or more partners working together to jointly consider their budgets and align their activities to deliver agreed aims and outcomes, while retaining complete accountability and responsibility for their own resources. As the budgets are not pooled each partner is responsible for monitoring its own budget. The Council is therefore only responsible for monitoring expenditure for the Council component of the Council/CCG integrated/aligned activities.

The Council component of the BCF S75 budgets is overseen by the LBB Head of Finance who attends the Health and Well Being Board Finance Group which includes Council/CCG senior officers and is assuming responsibility for monitoring overall delivery of the BCF and other S75 agreements, for example Equipment.

The scope of the audit, agreed by the Strategic Director for Commissioning on 5 August 2015, was as follows:

Better Care Fund (BCF)

- a) Whether the decisions of the March 2015 Policy & Resources Committee have been implemented in respect of the BCF (including looking at readiness of internal arrangements within LBB / Scheme of Delegation) and if not why.

Existing Section 75 (S75) agreements

- b) Whether for existing S75 Agreements there are named Pooled Budget managers; appropriate audits of pooled budget and inclusion in statement of accounts in line with CIPFA guidance and statutory requirements.
- c) Whether existing S75 agreements are signed, schedules updated to reflect this financial year
- d) Whether appropriate governance and reporting arrangements are in place in line with the legal agreements
- e) Whether our schemes of delegation include S75 agreements

We reviewed the following eight S75 agreements:

1. **Mental Health service provision** (Barnet, Enfield and Haringey Mental Health Trust (BEHMHT) /LBB) (£9.8m total aligned budget)

Overarching Agreement – Children (CCG / LBB) and the related Children's Joint Commissioning Memorandum of Understanding (MoU) Partnership Agreement

2. Occupational Therapy (£401k total pool)
3. Speech & Language Therapy (£2m total pool)
4. Looked After Children (£132k total pool)

Overarching Agreement – Health & Social Care (Adults) (CCG / LBB)

5. Equipment (approximately £3.8m spend)
6. Learning Disability commissioning (£2.98m total pool)

7. Learning Disability Campus Reprovision (£1.71m total pool)
8. Voluntary Services Prevention Commissioning (£2.5m total pool)

The combined total pool across these eight S75 agreements is circa £23.3m. Once signed, the BCF S75 agreement would be another schedule to the Overarching Agreement for Health & Social Care (Adults) and would represent a further pool of £23.4m for 2015/16 alone.

We were also provided with the S75 Older People Integrated Care Service (OPIC) agreement which had expired 30 June 2014 but referred to contributions by Council/CCG of £883k both in 2014-15 and 2015-16. This was excluded from detailed audit testing.

Audit work

We reviewed the S75 agreements and schedules provided to us against the Healthcare Financial Management Association (HFMA) / Chartered Institute of Public Finance Accountancy (CIPFA) guidance, 'Pooled Budgets and the Better Care Fund' (October 2014) for a consistent approach to development and format.

c. Summary of findings

We noted 1 critical, 8 high priority and 1 advisory recommendation as follows:

Better Care Fund

1. BCF governance and decision making (Critical) - The decision of the Policy and Resources Committee 25 March 2015 to arrange a pooled budget between the Council/Barnet CCG has not been implemented owing to:

- The CCG does not currently recognise the Health and Well Being Board Financial Planning subgroup (FG) in its Scheme of Delegation as a decision-making body in its own right.
- The CCG officers attending the FG, responsible for monitoring delivery of the BCF, do not have delegated authority to make decisions on behalf of the CCG on the BCF within the existing CCG Scheme of Delegation (SoD)
- CCG officers attending the FG were required to wait until a review of the scheme of delegation in the CCG was complete until authority could be given to implement the pooled budget. The review started in August 2015 and completed in November 2015.

Section 75 agreements

2. Section 75 Agreement formalities (High)

5 of the 8 S75 agreements and the Children's MoU provided to us for review were not signed and dated to formally bind all parties to the envisaged processes/terms of the agreement.

3. Pooled fund / budget (High)

Pooled fund managers were not evident within five of the eight S75 agreements we reviewed.

4. Pooled fund reporting and governance structure (Financial and performance) (High)

Governance structures were not clearly stated in 6 of the 8 S75 agreements. Financial reporting requirements were not specified in one S75 agreement we reviewed where these were clear from the stated operation of the agreement. Non-financial reporting requirements were out of date in two other agreements and did not specify targets for locally defined outcomes in one S75 agreement.

5. Performance / pooled budget monitoring (High)

Governance structures as defined in S75 agreements for the review, scrutiny and challenge of deliverables had been fully implemented as intended for only 1 of the 8 S75 agreements reviewed, the S75 Mental Health service agreement.

6. Schemes of Delegation (High)

Only the Adults and Health Scheme of Delegation (SoD) delegated Council functions required for the operation of S75 agreements to NHS staff; the Children's SoD did not. All Schemes of Delegation were in draft form at the date of the report and we understand from Governance officers that this area of development is still a work in progress due to be completed shortly.

7. Statement of Accounts (High)

Financial information for 1 of the S75 agreements, Looked After Children, was not included in the Council's Statement of Accounts at 31 March 2015 where the agreement provided started in April 2014 and specified Council and CCG pooled contributions for 2014-15. The S75 Schedule referred to CCG and Council contributions of £91,103 and £40,838 respectively totalling £131,941 for 2014-15.

8. Training and Development (High)

In light of the far reaching audit findings, the need for training and development was identified - focussed on raising awareness on the development, implementation, legal status, financial pooling and governance for Section 75 agreements, including the Better Care Fund (BCF) and general Council/Health partnering outcomes/processes.

9. S75 control self-assessment (High)

In the light of the far reaching audit findings the need for a more formal and ongoing self-assessment of the effectiveness of Section 75 control arrangements was identified.

10. Format of S75 Agreements (Advisory)

Overall, for governance purposes, of the 8 S75 agreements reviewed those for the Learning Disability, and Mental Health Service provision, in our view, represented the best baseline template for future S75 agreements as they included:

1. detailed terms of references for the relevant operational governing body, the Learning Disabilities Partnership Management Group (LDPMG) and the Mental Health Partnership Management Group.
2. a detailed Service specification / Aims and objectives schedule supported by

performance outcomes and a milestones plan.

3. clear reporting lines to the Health and Well Being Board which is the Constitutional body for the strategic oversight of delivery.

2. Findings, recommendations and Action Plan

2.1 BCF governance and decision making

Ref	Detailed finding	Risk	Recommendation	Risk Category	Management response
1	<p>One of 3 decisions required by the Policy and Resources Committee 24 March 2015 for “Agreement to enter into a pooled fund with NHS Barnet CCG” was:</p> <p>“That the Committee delegate authority to the Adults and Health Commissioning Director to <u>execute a new schedule to the section 75 agreement for Integrated Care and a Deed of Variation</u> to initiate the pooled fund arrangement, based on the contents set out in paragraphs 1.18 of this report.”</p> <p>Paragraph 1.18 in turn, referred to “The HWBB Finance Group (FG), <u>a constituted</u> sub-group of the Health and Well-Being Board consisting of senior officers from the Council and Barnet CCG will act as the pooled fund Executive, as required in the national guidance.”</p> <p>The Adults & Safeguarding Committee has a significant budget gap to meet up to 2020, part of which will need to be met via Health</p>	<p>If the BCF continues to operate as an aligned budget and not a pooled budget beyond its first year of operation, then the long term benefits associated with pooling funds are delayed and that BCF outcomes may not be optimised, in particular, expected financial savings may fail to materialise.</p> <p>If Constitutional issues delay decision making so that decisions are not formally</p>	<p>Recommendation 1</p> <p>The Council and CCG should review and revise the terms of reference (ToR) of the Health & Well-Being Board Financial Planning Sub-Group to ensure that both organisations have, within existing committee structures or schemes of delegated authority, capacity to give effect to BCF decisions required as a result of the on-going monitoring / oversight of the Sub-Group.</p> <p>The CCG should prioritise making the necessary delegations to enable the relevant Chief Officers to give effect to</p>	Critical	<p>Action: 1. The ToR for the HWBB Finance Group were agreed between the CCG and Council on 15th December 2015 and will be reported to the Health and Wellbeing Board on 21st January 2016.</p> <p>2. The CCG has completed its review of schemes of delegation on 23 November.</p> <p>3. At the CCG Governing Body meeting in public</p>

<p>and Social Care integration and therefore the Better Care Fund. The expectation is that the Council and CCG should be able to pool budgets at any time to take advantage of associated benefits, for example as detailed within the Department of Communities and Local Government's "Guidance to local areas in England on pooling and aligning budgets, 2010".</p> <p>In addition, related strategic decisions should not be delayed due to them being open to challenge or challenged solely on constitutional grounds.</p> <p>The Council's Governance service and the Programme Director for Health and Social Care Integration indicated that the FG cannot currently act as a decision making Executive because:</p> <ul style="list-style-type: none"> - The officers attending the FG do not have delegated authority to make decisions on behalf of the CCG. The CCG does not currently recognise the FG in its Scheme of Delegation. - CCG officers attending the FG were required to wait until a review of the scheme of delegation in the CCG was complete until authority could be 	<p>enforceable or are open to challenge, then sound decisions to improve BCF outcomes may be unfairly obstructed/challenged and not implemented solely on constitutional grounds.</p>	<p>the final BCF agreement as per the decision of the Policy & Resources Committee on 25 March 2015 so that budgets can be effectively pooled to maximise the benefits of the BCF.</p>	<p>of 26th November, agreement was secured that the CCG would agree the BCF Schedule and Deed of Variation before 24th December, under Chairs action by the Chair of the CCG Audit Committee. The CCG have agreed to sign the Deed of Variation. This is due to take place on 22nd December 2015, meaning that it can be sealed by LBB at the beginning of January 2016.</p> <p>4. LBB Governance to engage and advise as necessary.</p>
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	<p>given to implement the pooled budget. The review started in August 2015 and completed in November 2015.</p> <p>This has had the effect of delaying the execution of the BCF S75 schedule and the deed of variation to facilitate the formal pooling of Council and CCG budgets. The minutes of the HWBB FG of 16 September 2015 indicated that the schedule still had to be agreed. The BCF currently operates as an aligned budget and not a pooled budget as defined.</p> <p>There was evidence of the HWB, HWBB FG and the Health and Social Care Integration (HSCI) Board overseeing the BCF delivery/progress.</p>				<p>Responsible Officer: Commissioning Director - Adults and Health</p> <p>Head of Governance</p> <p>Joint Chief Operating Officer, CCG</p> <p>Associate Director of Governance, CCG</p> <p>Target date: 24th December 2015 and 11th January 2016.</p>
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2.2 Section 75 agreement formalities

Ref	Detailed finding	Risk	Recommendation	Risk Category	Management Response
1	<p>We reviewed the eight S75 agreements referred to in the Executive Summary. We confirmed with Senior Management that these were the only S75 agreements in existence at the Council.</p> <p>Separate overarching S75 agreement for Older People and Children were provided. Both overarching agreements however had numerous references to both Children and Adults and did not appear specific to each area.</p> <p>The Delivery Unit and Joint Commissioning Unit (JCU) approach is to draft schedules to the overarching S75 agreements for specific S75 initiatives / arrangements for Council/CCG partnership working, for example Learning Disability Campus Reprovision or Looked after Children, to define the specific governance arrangements for managing the pooled budget, defining contributions to the pooled fund and monitoring performance.</p>	<p>If parties to an agreement are not formally bound by <u>clearly</u> defined arrangements enabling one party to avoid abiding by envisaged necessary processes, then there is a risk of ongoing substandard performance without the aggrieved partner being able to legally enforce compliance or having any recourse against the offending partner for loss or damage to reputation caused.</p>	<p>Recommendation 2</p> <p>Section 75 Agreement Schedules - defining the pooling and governance arrangements unique/specific to the S75 initiative - should be prepared for each S75 initiative as addendums to the overarching agreement.</p> <p>All S75 Agreements/Schedules and Variations held by the relevant officers should be:</p> <ul style="list-style-type: none"> - up to date - dated and signed by both partners, the Council/CCG. 	High	<p>Action 1:</p> <p><u>Adults and Health Section 75 agreements</u></p> <p>1. The schedule of required actions by each S75, for both documentation and governance, attached to this main report, sets out the specific requirements for each S75. A named officer has been allocated responsibility for completing each of these actions.</p> <p>2. A timetable will be agreed between LBB and BCCG to implement each of the existing agreements as a schedule to the signed overarching Section 75 agreement for CCG/LBB Health and Adult</p>

<p>For S75 agreements our expectation was therefore that they should:</p> <ul style="list-style-type: none"> - be signed by both the Council and the CCG and dated; - be up to date through signed variation where necessary; and - have specific Agreement Schedules to the overarching agreements defining unique S75 arrangements <p>The Healthcare Financial Management Association (HFMA) / Chartered Institute of Public Finance Accountancy (CIPFA) guidance, 'Pooled Budgets and the Better Care Fund' (October 2014) stated that S75 agreements should be signed.</p> <p>Findings were as follows:</p> <ol style="list-style-type: none"> 1. For Children's S75 agreements there were underlying Agreement Schedules for Speech and Language Therapy (SLT) Occupational Therapy (OT) - prepared in August 2015 - and Looked After Children (LAC), however those provided were not signed and dated. 2. A Children's Joint Commissioning Memorandum of Understanding (MoU) Partnership Agreement – pursuant with the terms of the overarching Children's 		<p>The revised S75 agreements should go to the appropriate Committee as advised by Governance.</p>	<p>Social Care This will then be implemented according to the agreed timetable.</p> <ol style="list-style-type: none"> 3. Progress reports will be made to the HWB FG and through them, the HWBB. 4. The HWB FG will undertake an annual review and re-confirm the financial position and legal aspects/formalities, for example agreement sign-off, clear definitions of governance and roles and responsibilities, reporting arrangements, up to date agreements and variation sign-off, as necessary of each schedule. 5. A lead officer will be responsible for ensuring all adult care and health S75s and schedules are maintained correctly and co-ordinating the work of the officers named in the attached detailed schedule of actions by each S75 agreement.
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<p>Section 75 agreement – dated April 2015 – 31 March 2016 between London Borough of Barnet (LBB) and NHS Barnet Clinical Commissioning Group (CCG) was provided to us. It was finalised 24 August 2015 and defined governance reporting arrangements in general terms and specific structures and roles and responsibilities for joint commissioning delivery and monitoring. The MOU was not signed or dated. I</p> <p>3. The S75 agreement for Learning Disability Campus Reprovision had incorrect references, the definition in paragraph 1.1 of “pooled fund manager” and “Section 75 agreement review” referred to reference paragraphs which did not exist later in the contract. This is not material but it is considered unprofessional for a legal document.</p> <p>4. There was no evidence that the following agreements provided to us had been signed to formally confirm acceptance of terms and conditions by both partners:</p> <p>a. Learning Disabilities – agreement not signed. The Joint Commissioning Manager Learning Disabilities provided</p>				<p>Responsible Officer: See Appendix 1: Action Plan for each S75 agreement</p> <p>1 and 3: Heads of Joint Commissioning, Barnet CCG and LBB</p> <p>2 and 4: Adults Wellbeing Strategic Lead, Commissioning Director Director of Operations and Delivery, CCG</p> <p>Target date: 1 February 2016</p> <p>Action 2</p> <p><u>Children’s Section 75 agreements</u></p> <p>We agree to take the same action as identified above for the Adults & Health S75 agreements. In recognition</p>
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	<p>an e-mail trail confirming the existence of a signed agreement however she was still in the process of locating it at the date of this draft report.</p> <p>b. S75 Voluntary Services Prevention Commissioning Schedule – not signed and dated.</p> <p>5. The S75 – OPIC agreement provided expired 30 June 2014 and was therefore not part of our detailed audit testing. However the monitoring of delivery of OPIC by the Health and Social Care Integration Board (HSCI) and the Health and Well Being Board was evident in February and May 2015 per inspection of the relevant minutes. We had however not been provided with a formal variation to the agreement extending its term.</p>				<p>of the issue around documentation, a named officer, Health & Wellbeing Commissioning Lead will be responsible for all schedules and variations alongside any monitoring and review reports.</p> <p>Responsible Officer: Commissioning Director - Children & Young People</p> <p>Head of Joint Children’s Commissioning, Barnet Clinical Commissioning Group and Barnet Council</p> <p>Health & Wellbeing Commissioning Lead</p> <p>Target date: 1 February 2016</p>
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2.3 Pooled fund / budget

Ref	Detailed finding	Risk	Recommendation	Risk Category	Management Response
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<p>1</p>	<p><u>Pooled fund manager</u></p> <p>The HFMA/CIPFA 'Pooled Budgets and the Better Care Fund' October 2014 guidance stated that a pooled budget manager should be nominated whose responsibilities include monitoring and reporting pooled budget spend. The guidance for BCF was applied to all Section 75 agreements as a baseline to ensure that they followed for consistent and good practice.</p> <p>Our expectation was that the nominated pooled fund managers or the respective Finance Managers from each partner organisation for aligned funds would be referred to in S75 agreements and contract variation schedules to embed accountability for related responsibilities.</p> <p>Of the 8 S75 Agreements reviewed we noted 5 exceptions:</p> <ul style="list-style-type: none"> - 4 agreements did not specify the pooled fund manager, Equipment and LAC, OT and SLT - 1, LD, specified the pooled fund manager but the nominated officer had left the Council and the Contract Variation Agreement provided did not specify her replacement. 	<p>If accountability for the management of the S75 pooled fund, for example routine reporting of pooled budget position, is not formally embedded in S75 operation, then there is a risk that information provided for scrutiny may be inaccurate and incomplete leading to overspends and financial loss should issues not be identified for resolution at an early stage.</p>	<p>Recommendation 3</p> <p>The roles and names of the nominated pooled fund managers at the Council/CCG should be specified in all S75 Agreements. Changes should be specified in S75 contract variation schedules.</p>	<p>High</p>	<p>Action 1: <u>Adults and Health section 75 agreements</u></p> <p>See Appendix 1: Action Plan for each S75 agreement</p> <p>Responsible Officer: Heads of Joint Commissioning, Barnet CCG and LBB</p> <p>Target date: 1 February 2016</p> <p>Action 2: <u>Children's Section 75 agreements</u></p> <p>Refer to Recommendation 2 above.</p> <p>Responsible Officer: Commissioning Director - Children & Young People</p> <p>Head of Joint Children's Commissioning</p>
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Better Care Fund and Section 75 agreement review

					Barnet Clinical Commissioning Group and Barnet Council
					Target date: 1 February 2016

2.4 Pooled fund reporting and governance structure (Financial and performance)

Ref	Detailed finding	Risk	Recommendation	Risk Category	Management Response
1	<p>The HFMA/CIPFA 'Pooled Budgets and the Better Care Fund' October 2014 guidance stated that agreements should provide for the accurate and timely reporting of financial and non-financial information, including in-year reporting of the cumulative / year to date position, the year-end forecast and quarterly details of income and expenditure from the pooled budget, the specification of performance metrics and individual schemes. The guidance also referred specifically to there being appropriate review of information by the Health and Well Being Board.</p> <p>We reviewed the S75 documentation provided to assess whether financial reporting and review structures were defined sufficiently and consistently across agreements.</p> <p>Our expectation was that all agreements would be clear on the type of financial reporting and the body/Board/Committee responsible for review and scrutiny of the pooled budget and non-financial performance.</p> <p><u>Reporting</u></p> <p>Overarching agreements and Schedules referred to performance and financial reporting</p>	<p>If the reporting to, and the roles of, the S75 monitoring bodies are not defined clearly in S75 agreements then there is a risk that reporting and scrutiny of S75 activity is not consistent, especially over the long term as the agreement progresses. S75 delivery may not be optimised and outcomes may not be achieved.</p>	<p>Recommendation 4</p> <p>All S75 agreements should follow a similar format to serve as a comprehensive baseline for S75 governance and reporting, aiming to be as specific as possible about the financial and non-financial information to be submitted for review.</p> <p>Future S75 agreements should all have addendum Schedules which should set out the Terms of Reference for the Board/Group/Committee responsible for review, scrutiny and challenge of</p>	High	<p>Action 1:</p> <p><u>Adults and Health section 75 agreements</u></p> <p>See Appendix 1: Action Plan for each S75 agreement</p> <p>The terms of reference for the HWB Finance Group will be added to each agreement. Each agreement will refer to the HWB FG ToR.</p> <p>The revised terms of reference of the HWBB FG will list the S75s the group will address.</p> <p>Responsible Officers:</p> <p>Heads of Joint Commissioning, Barnet CCG and LBB</p>

<p>in general terms, using terms such as financial activity, financial information, and performance information.</p> <p>Specific reporting was defined in 6 of the S75 agreements as follows:</p> <ul style="list-style-type: none"> - Financial: For the S75 Equipment agreement, the type of financial reporting was defined more specifically as payments by the Council and CCG to the Equipment contractor. - Non-financial: The S75 Schedule for Learning Disabilities, Mental Health, LAC, OT and SLT specified performance indicators against which delivery would be measured. <p>We noted the following exceptions:</p> <ul style="list-style-type: none"> - Financial: The Children’s S75 Looked After Children agreement provided did not specify the financial reporting of invoicing charges to the Council where this would have been expected as it was clear from the description of the operation of the S75 agreement. - Non-financial: The S75 Mental Health service provision agreement provided specified performance against business 		<p>performance and financial information for that S75 agreement.</p> <p>Overarching S75 agreements should be updated to reflect current roles, for example, not referring to the Director of People.</p> <p>Agreement Schedules should aim to define <u>specific</u> reporting requirements where appropriate for the S75 agreement, for example for the Looked After Children agreement the reporting of invoices charged to the Council for services under the agreement.</p> <p>All S75 agreements should define the reporting line to the Health and Well</p>		<p>Adults Social Care Assistant Director</p> <p>Target date: 1 February 2016</p> <p>Action 2:</p> <p><u>Children’s Section 75 agreements</u></p> <p>Refer to Recommendation 2 above.</p> <p>Responsible Officer: Commissioning Director - Children & Young People</p> <p>Head of Joint Children’s Commissioning, Barnet Clinical Commissioning Group and Barnet Council</p> <p>Target date: 1February 2016</p>
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	<p>plan objectives. However, the 'Partnership Outcomes and Milestones Annex' supporting the business plan was out of date as it did not provide performance measures beyond 2011/12. The agreement had been extended until July 2017 but the contract variation agreement provided did not update the outcome Annex.</p> <ul style="list-style-type: none"> - Non-financial: The S75 Learning Disabilities agreement provided a detailed service specification and corresponding performance indicator and outcome schedule. However it did not specify targets beyond 2013/14. The agreement had been extended to 31/1/2016 but the contract variation agreement provided did not update the performance outcome schedule. - Non-financial: The S75 for Children's SLT specified performance measures but not 		<p>Being Board.</p> <p>All S75 agreements should include up to date Business Plans with related outcomes and milestone / performance measures and targets for referral.</p> <p>Any changes to S75 agreements/schedules should be subject to formal variation agreements.</p> <p>A repository should retain a complete chronological history of the agreements</p>		
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<p>targets where this would have been expected. For instance, targets for locally defined outcomes were noted in the OT and LAC S75 Schedules.</p> <p><u>Governance structure</u></p> <p>Only two S75 Agreements, for Learning Disabilities and Mental Health, defined specific reporting lines to the Health and Well Being Board, the Council's Constitutionally defined body for oversight of all S75 agreements.</p> <p>Governance structures were not always defined clearly in S75 agreements, for instance:</p> <ul style="list-style-type: none"> - S75 Equipment, S75 Voluntary Services Prevention and Children's MoU - there were references to review by the HWB FG however the terms of reference (ToR) for the group in relation to the operation of these agreements were not included as an addendum to the agreement as was the case for other S75 agreements and where this would have been expected. - S75 Learning Disability Campus Reprovision – A ToR for the Campus Partnership Board was included but the contract had not been varied to reflect the change to the ToR of the Winterbourne Steering Group now being responsible for review and monitoring. - S75 OT, SLT and LAC: The Head of Joint 		<p>and variations and related DPRs from inception of the S75 agreement to date.</p> <p>Note: when taking Recommendation 4 forward please consider Recommendation 10 (Advisory)</p>		
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<p>Children's Commissioning also referred to:</p> <ul style="list-style-type: none">• Monthly contract review meetings between the Clinical Support Unit and the contractor CLCH for OT and LAC delivery• Quarterly contract review meetings between BCCG and the contractor ELFT for SLT delivery• Quarterly contract review sub group meetings for more detailed contact issues around LAC,OT and SLT delivery• Monthly LAC/OT implementation meetings. <p>However there were no references to these specific governance arrangements or related ToRs in the OT, SLT and LAC S75 agreement schedules as was the case for other S75 agreements we reviewed.</p> <p>The LAC agreement schedule also included references to the provision of information to the LAC Health Commissioning Review Meetings. However there was no ToR included in the agreement for this group to define their responsibilities as would have been expected. The Head of Joint Children's Commissioning however indicated that these would be included in the above CLCH contractor review meetings. Therefore the LAC agreement schedule should be updated to reflect the updated governance arrangements.</p>				
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	<p>The following changes to the governance structure of the Learning Disabilities Partnership management Group had not been formally varied in terms of the variation agreement – extending the Learning Disability Commissioning S75 to 31/1/2016 - provided to us. Management indicated that:</p> <ul style="list-style-type: none"> - The Head of Integrated Care (rather than the Deputy Director of Adult Social Care as set out in the S75 Agreement, a role that no longer exists) was the Chair of the Learning Disabilities Partnership Management Group. - The Learning Disability Management Group (Commissioning Group) referred to in the agreement no longer met. Initially they were meant to meet quarterly. - The Learning Disability Partnership Management Group (Operational) met bi-monthly instead of monthly as initially stated in the agreement. 				
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2.5 Performance monitoring (implementation of S75 agreement structures)

Ref	Detailed finding	Risk	Recommendation	Risk Category	Management Response
1	We reviewed for evidence of monitoring of S75 agreement delivery in line with the reporting and governance defined in S75	If performance and budget issues are not identified at the	Recommendation 5 The review, scrutiny and	High	Action 1 : <u>Adults and Health section</u>

<p>agreements or related S75 agreement variation schedules.</p> <p>1. <u>S75 Mental Health service provision</u></p> <p>No issues noted.</p> <p>2. <u>S75 Occupational Therapy; and</u> 3. <u>S75 Speech and Language Therapy 16/8/2013-31/3/2016</u> 4. <u>S75 Looked After Children (LAC) 1/4/2014 - 31/3/2016</u></p> <p>Evidence of contractor review meetings covering S75 LAC, OT and SLT delivery were provided as evidence of governance arrangements for monitoring contractor performance. The Head of Joint Children's Commissioning referred to reviews between herself, the Commissioning Director - Children & Young People and the Director of Integrated Commissioning at Barnet CCG at a strategic level however these were not minuted as a formal record of discussions, issues and actions for referral where necessary as expected.</p> <p>The S75 agreement schedule for LAC required the designated nurse to organise and coordinate quarterly LAC Health Commissioning Review</p>	<p>earliest stage in line with defined and agreed joint structures, then S75 performance outcomes may not be achieved or related budgets may be overspent.</p>	<p>challenge of S75 agreement deliverables at an operational and strategic level should be undertaken. Evidence of scrutiny for example minutes of meetings should be retained for referral.</p> <p>The Health and Well Being Board should consider incorporating S75 agreement reviews into their annual work plan to encourage an appropriate level of scrutiny and discussion of the agreements.</p>	<p><u>S75 agreements</u></p> <p>1. See Appendix 1: Action Plan for each S75 agreement</p> <p>2. Reports on each S75 will be made to the HWB FG with each S75 (and in future schedule) being reviewed quarterly.</p> <p>3. An annual report on each S75 (and in future the overarching S75 and all schedules) will be included in the forward work programme of the HWB</p> <p>Responsible Officer:</p> <p>1. See Appendix 1: Action Plan for each S75 agreement</p>
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<p>Meetings. The designated nurse confirmed related reporting but indicated that the quarterly LAC review meetings have not yet been set up. The Head of Joint Children’s Commissioning however indicated that discussions would be included in the above CLCH contractor review meetings.</p> <p>The Children’s Joint Commissioning Memorandum of Understanding pursuant to overarching S75 between London Borough of Barnet (LBB) and NHS Barnet Clinical referred to annual reporting to the HWBB FG. However there was no evidence that this had been done.</p> <p><u>5. S75 Equipment (1/4/2013-31/3/2015)</u></p> <p>In terms of the agreement, performance was meant to be reviewed by the HWBFG. We reviewed a sample of minutes of the HWB FG for January, February and September 2014 and could not identify any reference to performance review of the agreement. We were also informed that although quarterly strategic Equipment meetings that were meant to take place had not occurred since July 2014, the Integrated Community Equipment Service (ICES) Operational Group meets regularly and met in November 2015.</p>			<p>2. Lead officer for each S75, see Appendix 1</p> <p>3. Adults Wellbeing Strategic Lead Commissioning Group</p> <p>Target date: 1 February 2016</p> <p>Action 2:</p> <p><u>Children’s Section 75 agreements</u></p> <p>Refer to Recommendation 2 above.</p> <p>Responsible Officer:, Commissioning Director - Children & Young People</p>
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<p><u>6. S75 Integrated Learning Disability Service – 1/2/2012 – 31/1/2016</u></p>				<p>Head of Joint Children’s Commissioning Barnet Clinical Commissioning Group and Barnet Council</p>
<p>The ToR in the S75 agreement for the Learning Disability Partnership Management Board (LDPMB) indicated that the Group would provide an annual report on the operation of the Agreement and its outcomes to the Health and Wellbeing Board. The Joint Commissioning Unit contact officer indicated that she was not aware of an annual report ever going to the Health and Well Being Board. This was corroborated by our review of a sample of minutes of the HWBB over 2013, 2014 and 2015. She confirmed that LDPMG Operational group meet bi-monthly to review performance.</p>				<p>Target date: 1 February 2016</p>
<p><u>7. Learning Disability Campus Re-provision – 27/5/2010-date</u></p>				
<p><u>Records Management</u></p>				
<p>Monitoring was meant to be undertaken monthly by the Winterbourne Steering Group. Evidence of some performance monitoring was provided but records of monitoring were not always available for inspection, for example we requested sight of the minutes for March 2014 Winterbourne</p>				

Steering Group but these were not available. The expectation is that all minutes evidencing monitoring will be retained for referral where necessary.

8. Voluntary Sector - Prevention services – 1/2/2014 – 1/4/2016

The specific forum reviewing delivery was not clear from the S75 Agreement documentation. Management indicated that the monitoring of delivery by the Joint Commissioning Unit and Adults and Community Delivery Unit was meant to be undertaken by the HWBBFG and also indicated that there were no governance arrangements in place. As a check we reviewed a sample of minutes for the HWBBFG for August 2014 and January 2015 and could not find any evidence of S75 review.

General

We reviewed various HWB minutes over 2013-14, 2014-15 and 2015-16 for references to monitoring and review of S75 deliverables other than Better Care Fund. References to such monitoring were rare for instance we noted in the June 2015 minutes "...introduced the report which updates the

	<p>Board on the current work undertaken by Barnet CCG and LBB relating to mental health service provision in Barnet.”</p> <p>While we accept that S75 agreement delivery does not have to be reviewed at each HWB, it is our view that there is scope to increase the frequency of reviews at HWB FG across S75 agreements. Management indicated that reviews by the HWB FG sub-group should have taken place but this had not been robustly implemented.</p>				
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2.6 Schemes of Delegation

Ref	Detailed finding	Risk	Recommendation	Risk Category	Management Response
1	<p>The overarching S75 agreements for Children and Older People provided to us referred to the general delegation of authority of functions between the Council and the CCG for S75 operation.</p> <p>We reviewed the draft Schemes of Delegation (SoD) for Adults and Health, Family Services and Education and Skills. <u>Only the draft SoD for Adults and Health</u> referred to the delegation of Council functions which were part of the S75 joint</p>	<p>If NHS Health officers do not undertake Council functions where necessary for successful operation of the S75 agreements solely because they believe that they do not have the power to do so,</p>	<p>Recommendation 6</p> <p>Council Schemes of Delegation should be finalised and should formally delegate authority to Health officers to undertake <u>agreed</u> Council functions required for the successful operation of S75 agreements.</p>	<p>High</p>	<p>Action:</p> <p>The Schemes of Delegation will be finalised incorporating appropriate reference to S75 agreements, as well as any findings from the separate audit of Schemes of</p>

	<p>Council/CCG operation to NHS Health officers.</p> <p>Our expectation is that Council Schemes of Delegation should be approved which allow delegation of functions to the relevant officers so as;</p> <ul style="list-style-type: none"> - to allow officers to legally fulfil their duties in terms of the operation of the S75 agreement - to constitutionally support the inclusion of the related delegation clauses in the S75 agreements. 	<p>then critical tasks or decisions necessary for the wellbeing of vulnerable people may not be undertaken or may be delayed leading to harm to the user and damage to the Council's reputation.</p>			<p>Delegation that is currently in progress.</p> <p>Responsible Officer: Head of Governance</p> <p>Target date: 31 January 2016</p>
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2.7 Statement of Accounts

Ref	Detailed finding	Risk	Recommendation	Risk Category	Management Response
1	<p>The HFMA/CIPFA 'Pooled Budgets and the Better Care Fund' October 2014 guidance indicated that "To meet the requirements in relation to an annual return the host must prepare and publish a full statement of spending, signed by the accountable officer/section 151 officer to provide assurance to all other parties to the pooled budget."</p> <p>The Statement of Accounts for Barnet Council 31 March 2015 included 7 S75 agreements. The S75 Looked After Children</p>	<p>If S75 financial information is not reported in the Statement of Accounts so that users of the accounts are not made aware of its existence for wider scrutiny and challenge, then there is a general risk that</p>	<p>Recommendation 7 Council contacts for S75 agreements should work together with CSG Finance to ensure that all S75 agreements are included in the annual Statement of Accounts where applicable.</p>	<p>High</p>	<p>Action: A full consultation and reconciliation will take place between both the Adults and Children's DU and Commissioners and Governance to confirm that all Section 75 agreements are</p>

	<p>agreement was excluded as a note to the accounts although the agreement provided indicated that it started in April 2014 and specified Council and CCG pooled contributions for 2014-15. The S75 Schedule referred to CCG and Council contributions of £91,103 and £40,838 respectively totalling £131,941 for 2014-15.</p>	<p>opportunities to improve future related S75 outcomes may be missed.</p>			<p>accurately captured in the statement of accounts.</p> <p>Responsible Officer: Director of Resources</p> <p>Assistant Director of Finance, Customer and Support Group (CSG)</p> <p>Target date: 31st May 2016</p>
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2.8 Training and development

Ref	Detailed finding	Risk	Recommendation	Risk Category	Management Response
1	<p>In light of the far reaching audit findings the need for training and development was identified - focussed on raising awareness on the development, implementation, legal status, financial pooling and governance for</p>	<p>If responsible officers are not familiar with S75 arrangements, related practices</p>	<p>Recommendation 8</p> <p>The specific training needs of officers responsible for BCF and S75 development</p>	<p>High</p>	<p>Action:</p> <p>We will identify the relevant responsible officers and</p>

	<p>Section 75 agreements, including the Better Care Fund (BCF) and general Council/Health partnering outcomes/processes.</p> <p>Note: For instance, relevant guidance, especially for BCF, is available from CIPFA (Chartered Institute of Public Finance and Accountancy)</p>	<p>and risks then there is a general risk that S75 partnership outcomes may not be optimised.</p>	<p>delivery and governance should be identified and addressed, for example at the HWB Finance Group and through the standard HR appraisal and supervision processes. A learning event should be arranged involving appropriate officers within the Commissioning Group, Governance, Finance and HB Public Law.</p>		<p>monitor / ensure that training and development needs have been addressed through the appropriate channels.</p> <p>Responsible Officer: Commissioning Director - Adults and Health Commissioning Director - Children & Young People Director of Resources</p> <p>Target date: 1 February 2016</p>
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2.9 S75 control self-assessment

Ref	Detailed finding	Risk	Recommendation	Risk Category	Management Response
1	In the light of the far reaching audit findings the need for a more formal and ongoing self-assessment of the effectiveness of Section 75 control arrangements was identified.	If the effectiveness of Section 75 governance and control arrangements is not reviewed within the Council / CCG then there is a risk of ineffective agreements, lack of transparency and non-achievement of the related outcomes.	<p>Recommendation 9</p> <p>A detailed annual review of the effectiveness of the control environment around S75 arrangements, which can be relied upon to inform the Council's Annual Governance Statement, should be introduced. This should include the creation of an action plan to address any issues identified by the annual review.</p>	High	<p>Action: Agreed.</p> <p>Responsible Officer: Adults Wellbeing Strategic Lead, Commissioning Group</p> <p>Health & Wellbeing Commissioning Lead</p> <p>Target date: 30 April 2016 and then annually</p>

Timetable					
Terms of reference agreed:	Fieldwork commenced:	Fieldwork completed:	Draft report issued:	Management comments received:	Final Report Issued:
05 August 2015	10 August 2015	06 November 2015	09 November 2015	<p>10 November 2015 (Programme Director Health and Social Care Integration)</p> <p>13 November and 18 December 2015 (Commissioning Director - Adults and Health)</p> <p>16 November 2015 (Head of Joint Commissioning, Barnet CCG and LBB)</p> <p>24 November 2015 (Head of Care Quality)</p> <p>24 November 2015 (Head of Joint Children's Commissioning, Barnet CCG and LBB / Commissioning Director - Children & Young People)</p>	22 December 2015

Appendix 1: Action Plan for each S75 agreement (recommendations 2-5)

Note: S75s numbered here in line with Executive Summary of audit report

Mental Health and Children's

Recommendation	1. Mental Health Service provision	Children - Memorandum of Understanding	2. Occupational Therapy	3. Speech and Language Therapy	4. Looked After Children
2 - Section 75 agreement formalities	N/A	<i>Document to be signed and dated</i>	Agreement to be signed and dated	Agreement to be signed and dated	Agreement to be signed and dated
Action owner:			Head of Joint Children's Commissioning, Barnet CCG and LBB		
3 - Pooled Fund Managers	N/A	N/A	Agreement to specify pooled fund manager	Agreement to specify pooled fund manager	Agreement to specify pooled fund manager
Action owner:			Head of Joint Children's Commissioning, Barnet CCG and LBB		

Better Care Fund and Section 75 agreement review

<p>4 - Reporting and governance structure</p>	<p>A variation agreement to be drafted, approved, signed and dated with an up to date Milestones and Outcomes schedule with all related performance measures and targets.</p>	<p><i>The terms of Reference of the HWB FG (or as revised) to be added as schedule to the agreement.</i></p>	<p>The terms of Reference of the HWB FG (or as revised) to be added as schedule to the agreement.</p> <p>The agreement to specify the governance in operation for monthly review contract meetings, Quarterly contract review meetings, quarterly contract review sub-group meetings and monthly implementation meetings</p>	<p>The terms of Reference of the HWB FG (or as revised) to be added as schedule to the agreement.</p> <p>The agreement to specify the governance in operation for monthly review contract meetings, Quarterly contract review meetings, quarterly contract review sub-group meetings and monthly implementation meetings</p> <p>The agreement to be updated to include targets for locally defined outcomes.</p>	<p>The terms of Reference of the HWB FG (or as revised) to be added as schedule to the agreement.</p> <p>The agreement to specify the governance in operation for monthly review contract meetings, Quarterly contract review meetings, quarterly contract review sub-group meetings and monthly implementation meetings</p> <p>Related financial reporting relating to invoice charges to the Council to be specified in the agreement.</p>
<p>Action owner:</p>	<p>Head of Joint Commissioning, Barnet CCG and LBB, and, Adults Social Care Assistant Director</p>	<p>Head of Joint Children’s Commissioning, Barnet CCG and LBB</p>			

Better Care Fund and Section 75 agreement review

5 - Performance Monitoring	N/A	<i>Annual reporting to the HWBB FG to commence.</i>	<p>HWB FG review and monitoring to commence.</p> <p>The meetings between the Commissioning Director - Children and Young People and the Director of Commissioning at Barnet CCG to be minuted as a formal record of discussions and issues.</p>	<p>HWB FG review and monitoring to commence.</p> <p>The meetings between the Commissioning Director - Children and Young People and the Director of Commissioning at Barnet CCG to be minuted as a formal record of discussions and issues.</p>	<p>HWB FG review and monitoring to commence.</p> <p>The meetings between the Commissioning Director - Children and Young People and the Director of Commissioning at Barnet CCG to be minuted as a formal record of discussions and issues.</p> <p>The quarterly LAC Health Commissioning review meetings referred to in the agreement schedule should be implemented or subsumed into the contractor CLCH review meetings as planned.</p>
Action owner:		Head of Joint Children’s Commissioning, Barnet CCG and LBB			

Adults & Health

Recommendation	5. Equipment	6. Learning Disability commissioning	7. Learning Disability Campus Re provision	8. Voluntary Services	OPIC
2 - Section 75 agreement formalities	N/A	Agreement to be signed or signed agreement to be located.	Agreement to be updated to correct incorrect references recorded in the agreement.	Agreement to be signed and dated.	<i>The position / status of the agreement to be established. A variation agreement to be drafted approved, signed and dated.</i>
Action owner:		Head of Joint Commissioning, Barnet CCG and LBB	Head of Joint Commissioning, Barnet CCG and LBB	Head of Joint Commissioning, Barnet CCG and LBB	<i>Head of Joint Commissioning, Barnet CCG and LBB</i>
3 - Pooled Fund Managers	Agreement to specify pooled fund manager.	Agreement specified pooled fund manager but as the officer referred to had left the Council. Agreement to specify a new pooled fund manager.	N/A	N/A	N/A
Action owner:	Community & Wellbeing Assistant Director	Head of Joint Commissioning, Barnet CCG and LBB			

Better Care Fund and Section 75 agreement review

4 - Reporting and governance structure	The terms of Reference of the HWB FG (or as revised) to be added as schedule to the agreement.	The agreement to be updated with the changes to the Partnership Management Group referred to in the existing agreement. A variation agreement to be drafted, approved, signed and dated with an up to date Milestones and Outcomes schedule with all related performance measures and targets.	The terms of Reference of the HWB FG (or as revised) to be added as schedule to the agreement. The agreement to be updated to refer to the ToR of the Winterbourne Steering Group (which replaced the Campus Partnership Board) responsible for review and monitoring.	The terms of Reference of the HWB FG (or as revised) to be added as schedule to the agreement.	<i>The terms of Reference of the HWB FG (or as revised) to be added as schedule to the agreement.</i>
Action owner:	Community & Wellbeing Assistant Director	Head of Joint Commissioning, Barnet CCG and LBB	Head of Joint Commissioning, Barnet CCG and LBB	Head of Joint Commissioning, Barnet CCG and LBB	<i>Head of Joint Commissioning, Barnet CCG and LBB</i>
5 - Performance Monitoring	HWB FG review and monitoring to commence. Performance should be reviewed by the HWB FG and at Equipment review meetings.	HWB FG review and monitoring to commence An Annual report on the operation of the agreement and its outcomes should be provided by the Partnership Management Group to the HWBB.	HWB FG review and monitoring to commence. Minutes of the meeting of the Winterbourne Steering Group to be drafted and retained in all instances.	HWB FG review and monitoring to commence.	<i>HWB FG review and monitoring to commence.</i>

Better Care Fund and Section 75 agreement review

<p>Action owner:</p>	<p>Health & Wellbeing Commissioning Lead to include in HWB FG agendas. Reports to come from Community & Wellbeing Assistant Director.</p>	<p>Health & Wellbeing Commissioning Lead to include in HWB work programme and agendas. Reports to come from Head of Joint Commissioning, Barnet CCG and LBB, to go in name of Adults & Health Commissioning Director.</p>	<p>Health & Wellbeing Commissioning Lead to include in HWB FG agendas. Reports to come from Head of Joint Commissioning, Barnet CCG and LBB.</p> <p>Minutes of Winterbourne Steering Group - Head of Joint Commissioning, Barnet CCG and LBB</p>	<p>Health & Wellbeing Commissioning Lead to include in HWB FG agendas. Reports to come from Head of Joint Commissioning, Barnet CCG and LBB.</p>	<p><i>Health & Wellbeing Commissioning Lead to include in HWB FG agendas. Reports to come from Head of Joint Commissioning, Barnet CCG and LBB</i></p>
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Appendix 2: Definition of risk categories and assurance levels in the Executive Summary

Risk rating	
Critical 	Life threatening or multiple serious injuries or prolonged work place stress. Severe impact on morale & service performance. Mass strike actions etc Critical impact on the reputation or brand of the organisation which could threaten its future viability. Intense political and media scrutiny i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council, members or officers. Cessation of core activities, Strategies not consistent with government's agenda, trends show service is degraded. Failure of major Projects – elected Members & SMBs are required to intervene <ul style="list-style-type: none"> Major financial loss – Significant, material increase on project budget/cost. Statutory intervention triggered. Impact the whole Council; Critical breach in laws and regulations that could result in material fines or consequences
High 	Serious injuries or stressful experience requiring medical many workdays lost. Major impact on morale & performance of staff. Significant impact on the reputation or brand of the organisation; Scrutiny required by external agencies, Audit Commission etc. Unfavourable external media coverage. Noticeable impact on public opinion Significant disruption of core activities. Key targets missed, some services compromised. Management action required to overcome med – term difficulties <ul style="list-style-type: none"> High financial loss Significant increase on project budget/cost. Service budgets exceeded. Significant breach in laws and regulations resulting in significant fines and consequences
Medium 	Injuries or stress level requiring some medical treatment, potentially some workdays lost. Some impact on morale & performance of staff. Moderate impact on the reputation or brand of the organisation; Scrutiny required by internal committees or internal audit to prevent escalation. Probable limited unfavourable media coverage. Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service action will be required. <ul style="list-style-type: none"> Medium financial loss - Small increase on project budget/cost. Handled within the team. Moderate breach in laws and regulations resulting in fines and consequences
Low 	Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale Internal Review, unlikely to have impact on the corporate image. Minor impact on the reputation of the organisation Minor errors in systems/operations or processes requiring action or minor delay without impact on overall schedule. Handled within normal day to day routines. <ul style="list-style-type: none"> Minimal financial loss – Minimal effect on project budget/cost. Minor breach in laws and regulations with limited consequences
Level of assurance	
Substantial 	There is a sound control environment with risks to key service objectives being reasonably managed. Any deficiencies identified are not cause for major concern. Recommendations will normally only be Advice and Best Practice.
Moderate 	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
Limited 	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any Critical recommendations would need to be mitigated by significant strengths elsewhere.
No 	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

Appendix 3 – Analysis of findings

Area	Critical		High		Medium		Low	
	D	OE	D	OE	D	OE	D	OE
Better Care Fund	1	0	0	0	0	0	0	0
Section 75 agreements	0	0	2	6	0	0	0	0

Key:

- D = Control Design Issue – There is no control in place or the design of the control in place is not sufficient to mitigate the potential risks in the area.
- OE = Operating effectiveness – Control design is adequate, however the control is not operating as intended resulting in potential risks arising in this area

Appendix 4 – Identified controls

Area	Objective	Risks	Identified controls
Better Care Fund (BCF)	To ensure that the BCF Plan outcomes are achieved	If BCF Plan delivery issues and causes are not identified so that performance issue corrective actions can be agreed and implemented at the earliest stage, then there is a risk that substandard BCF delivery continues leading to BCF Plan outcomes not being achieved and reputational damage	1. Operational Monitoring of BCF delivery by Health and Well Being Financial Planning Sub Group (HWB FG) and the higher level Constitutional Health and Well Being Board (HWB).
	To ensure that the BCF Plan outcomes are achieved	If BCF Plan delivery issues and causes are not identified so that performance issue corrective actions can be agreed and implemented at the earliest stage, then there is a risk that substandard BCF delivery continues leading to BCF Plan outcomes not being achieved and reputational damage	2. HWBFG ToR, approved by HWBB 12 June 2014, drafted to clarify operational roles and responsibilities
	To ensure that the BCF Plan outcomes are achieved	If BCF Plan delivery issues and causes are not identified so that performance issue corrective actions can be agreed and implemented at the earliest stage, then there is a risk that substandard BCF	3. Scrutiny and challenge of BCF progress by the Health and Social Care Integration (HSCI) Board who oversee delivery of integrated care which delivers the work behind the BCF. ToR

		delivery continues leading to BCF Plan outcomes not being achieved and reputational damage	clarifies governance roles and responsibilities.
Section 75	To ensure that the legal position and arrangements are clear to embed S75 accountability for delivery and are enforceable where necessary so that terms and conditions necessary for effective delivery are followed.	If parties to an agreement are not formally bound by <u>clearly</u> defined arrangements enabling one party to avoid abiding by envisaged necessary processes, then there is a risk of ongoing substandard performance without the aggrieved partner being able to legally enforce compliance or having any recourse against the offending partner for loss or damage to reputation	4. Up to date signed Section 75 agreements are in place to provide clarity on S75 aims, performance criteria, reporting and governance structures for review and challenge and to embed accountability for outcomes.
	To ensure the reporting and monitoring of pooled budget for independent scrutiny and challenge.	If accountability for the management of the S75 pooled fund, for example routine reporting of pooled budget position, is not formally embedded in S75 operation so that due care and skills in not exercised in the delivery of outputs, then generally there is a risk that information provided for scrutiny may be inaccurate and incomplete leading to overspends and financial loss should issues not be identified for resolution at the earliest	5. Responsibility for Pooled Fund Management is clear and allocated in Section 75 agreements

		stage.	
	To ensure the consistent and correct scrutiny and challenge of S75 agreement delivery by the relevant governance body.	If the reporting to and the roles of the S75 monitoring bodies are not defined clearly in S75 agreements so that reporting and scrutiny of S75 activity is not consistent especially over the long terms as the agreement progresses, then there is a risk that S75 delivery may not be optimised and outcomes may not be achieved.	6. Governance structures and roles are clear for reviewing and challenging S75 Financial / Non-financial reporting
	To ensure that officers responsible for S75 operation are legally powered to undertake critical tasks under S75 agreements so that they take necessary decisions appropriately without fear of recourse.	If Health officers do not undertake Council functions where necessary for successful operation of the agreement solely because they believe that they do not have the power to do so, then there is a risk that critical tasks or operational decisions necessary for the well of vulnerable persons may not be undertaken/taken or may be delayed leading to harm to the user and damage to Council reputation.	7. Formal delegation of authority between Council and CCG partners
	To ensure that validity and accuracy of S75 pooled expenditure and the reported S75 financial position.	If S75 financial information is not reported in the Statement of Accounts so that related expenditure is not subject to external audit and public	8. Independent scrutiny of pooled budget financial position by External Audit through inclusion in the Statement of Accounts

		<p>challenge, then overspends in excess of the pooled fund contributions or invalid expenditure may continue to be made leading to financial loss.</p>	
	<p>To ensure that S75 agreement outcomes are achieved through the ongoing monitoring and the prompt identification of and implementation actions for budget/performance issues.</p>	<p>If performance and budget issues are not identified at the earliest stage in line with defined and agreed joint structures, then there is a general risk that S75 performance outcomes may not be achieved or related budgets may be overspent.</p>	<p>9. Monitoring of S75 delivery in line with the governance structures defined in S75 agreement</p>

Appendix 5: Internal Audit roles and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review subject to the limitations outline below

Internal control

Internal control systems, no matter how well designed and operated are affected by inherent limitations. These include the responsibility of poor judgement in decision making, human error, and control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances

Future periods

Our assessment of controls is for the period specified only. Historic evaluation is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other or
- The degree of compliance with policies and procedures may deteriorate

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.