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Agenda Item: 9

Performance and Audit Committee

Date of Meeting: 28 June 2023.

Subject: Internal Audit – Performance Management.

1. Purpose

1.1. To present the Internal Audit on Performance Monitoring for members' scrutiny.

2. Recommendations

The Performance and Audit Committee is invited to:

2.1. Scrutinise and seek assurance on the Performance Monitoring audit report, attached as Appendix 1 to this report.

3. Background

3.1. In 2022/23 Azets undertook an audit for Performance Monitoring as part of the internal audit plan 2022/23.

3.2. The Integration Joint Board must set out clearly its priorities and for those to be regularly monitored and evaluated, including how its aims are being achieved.

4. Audit Findings

4.1. The internal audit found a number of good practices including the Performance Management Framework and the dual review of process for reviewing and performance management data.

4.2. The internal audit found five improvement areas for improvement which would better support performance management including there being no formal key performance indicators, lack of documented action tracker which clearly identifies a lead individual and the manual intervention of data provided by partners.

5. Contribution to quality

Please indicate which of the Orkney Community Plan 2023 to 2030 values are supported in this report adding Yes or No to the relevant area(s):

| | |
|---|------|
| Resilience: To support and promote our strong communities. | No. |
| Enterprise: To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty. | No. |
| Equality: To encourage services to provide equal opportunities for everyone. | No. |
| Fairness: To make sure socio-economic and social factors are balanced. | No. |
| Innovation: To overcome issues more effectively through partnership working. | No.. |
| Leadership: To involve partners such as community councils, community groups, voluntary groups and individuals in the process. | No. |
| Sustainability: To make sure economic and environmental factors are balanced. | No. |

6. Resource and financial implications

6.1. There are no risk or equality implications directly arising as a result of this report.

7. Risk and equality implications

7.1. There are no risk or equality implications directly arising as a result of this report.

8. Direction required

Please indicate if this report requires a direction to be passed to:

| | |
|-------------------------|-----|
| NHS Orkney. | No. |
| Orkney Islands Council. | No. |

9. Escalation required

Please indicate if this report requires escalated to:

| | |
|-------------------------|-----|
| NHS Orkney. | No. |
| Orkney Islands Council. | No. |

10. Authors and contact information

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11. Supporting documents

11.1. Appendix 1: Internal Audit – Performance Monitoring.



Orkney Integration Joint Board

Internal Audit Report 2022/23

Performance Management

March 2023



Orkney Integration Joint Board

Internal Audit Report 2022/23

Performance Management

| | |
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| Audit Sponsor | Key Contacts | Audit team |
|-------------------------------------|--|--|
| <i>Stephen Brown, Chief Officer</i> | <i>Maureen Swannie, Head of Strategic Planning and Performance</i> | <i>David Eardley, Head of Internal Audit</i> |
| | | <i>Matthew Swann, Client Manager</i> |
| | | <i>Eilidh Kerr, Internal Auditor</i> |
| | | <i>Usman Irfan, Internal Auditor</i> |

Executive Summary

Conclusion

We have gained assurance that Orkney Integration Joint Board (OIJB) broadly has systems and controls in place for monitoring and reporting of performance. However, the organisation would benefit from more specific efforts to define and monitor key performance indicators. The main areas of improvement identified from this review include.

- **OIJB does not have sufficiently defined key performance indicators which directly align with objectives.**
- **Action plans related to identified issues should be monitored more overtly to track progress.**
- **OIJB should work with partners to develop an integrated approach to recording performance data.**

Background and scope

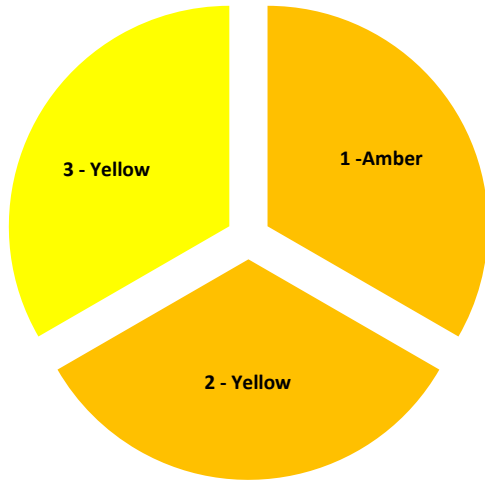
Since April 2016, the Orkney Integration Joint Board (OIJB) has been legally responsible for the effective delivery of a large range of services within health and social care. The OIJB is made up of members from NHS Orkney, Orkney Islands Council, and the third sector, as well as colleagues, unpaid carers, union, and service user representatives.

The Scottish Government requires each Integration Joint Board (IJB) to have a strategic plan for the services they deliver. Within this plan, each IJB must clearly set out its priorities and be regularly monitored and evaluated, including clearly showing how its aims are being achieved.

It is imperative that performance is monitored and reported on against the six priorities set out in the 2022-2025 OIJB strategic plan. Performance reports must be subject to scrutiny at senior management and board levels, underpinning the vital importance of an effective performance management framework.

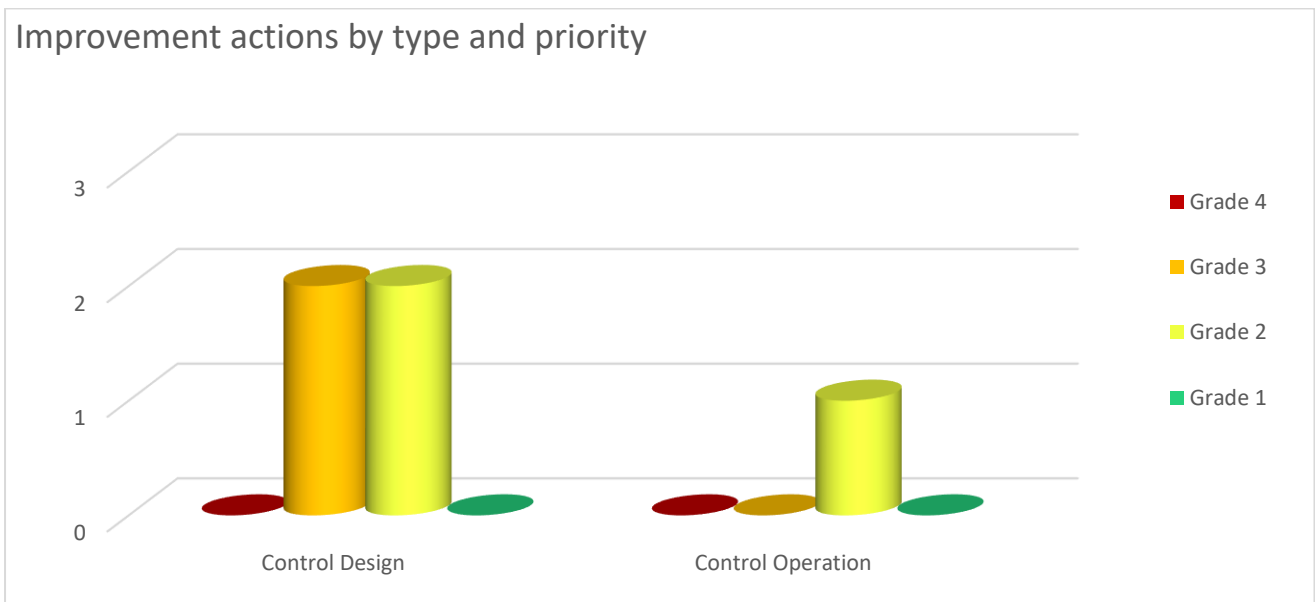
In accordance with the 2022/23 Internal Audit Plan, we have performed a review of the Performance Management controls relating to the OIJB. We reviewed whether appropriate systems are in place to assess and monitor performance, and that information identified during performance management is fed back to senior management and board level for scrutiny and for informed decisions to be made.

Control assessment



- 1. There are appropriate management information systems to ensure that the information required to monitor performance is collectively understood, available, accurate and complete
- 2. Performance management reports are produced regularly for management review, which provide information on actual performance against targets
- 3. Performance management reports are regularly produced and scrutinised by the Board and management. Action plans are developed and monitored to address areas of under-performance

Improvement actions by type and priority



Five improvement action has been identified from this review, four relating to control design and one improvement action relating to control operation. See Appendix A for definitions of colour coding. See Appendix A for definitions of colour coding.

Key findings

Good practice

We have gained assurance that OIJB's procedures reflect good practice in a number of areas, including:

- OIJB has a performance management framework in place that indicates sets out the respective responsibilities of staff in relation to performance management.
- There is a dual review process for reviewing and scrutinising performance management data. The performance report is initially submitted to the Performance & Audit Committee (PAC). The performance data is reviewed and scrutinised by the committee and recorded in the minutes of the meeting. The minutes of the PAC are then considered by the IJB. Any matters/issues are escalated to ensure an action is assigned to rectify the issues.

Areas for improvement

We have identified five areas for improvement which, if addressed, would strengthen OIJB's control framework. These include:

- There are no agreed, formal key performance indicators (KPIs). Management confirmed that the KPIs have been discussed/proposed but have not yet been agreed by the IJB. Whilst we acknowledge that there is some alignment with the strategy as a whole, there is a risk of ineffective or inefficient effort and use of resources without sufficient and shared clarity of key targets outcomes.
- From our review of meeting minutes, we found that OIJB matters/issues are discussed. However, there is no evidence of a documented action tracker that clearly assigns responsibility to a specific person along with completion timescales.
- OIJB relies on data provided by both the Orkney Islands Council and NHS Orkney, but this requires manual intervention to be interpreted and sufficiently analysed for OIJB purposes. Better integration could enable a more efficient approach to such monitoring. (We acknowledge that OIJB is currently working on a process which will allow data to be drawn from a single system).

These are further discussed in the Management Action Plan below.

Acknowledgements

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

Management Action Plan

Control Objective 1: There are appropriate management information systems to ensure that the information required to monitor performance is collectively understood, available, accurate and complete.

A yellow circle containing the word "Amber" in black text, indicating the status of the control objective.

Amber

1.1 Identify and set key performance indicators

OIJB's performance management framework does not include agreed KPIs in relation to the 2022/25 Strategy. Management confirmed that the KPIs have been discussed/proposed but have not yet been agreed by the IJB. Whilst we acknowledge that there is some alignment with the strategy as a whole, there is a risk of ineffective or inefficient effort and use of resources without sufficient and shared clarity of key targets outcomes.

Whilst detailed performance data is included within performance reports, these are not assessed in relation to specific targets. Whilst the data appears to be linked to the goals within the Strategy, more meaningful analysis of performance is somewhat impaired by lack of contextualisation against targets/relevant benchmarks.

Risk

With a lack of clear performance indicators, OIJB may experience:

- Insufficient focus and shared understanding on the achievement of the strategy.
- An inability to identify areas of underperformance, leading to difficulty in identifying the areas of improvement/means to achieve such improvement.
- Reduced accountability; this may result in key actions not being taken due to lack of clarity in who is responsible for the delivery of specific elements of the strategy.

Recommendation

OIJB should look to confirm KPIs that align with the strategic plan as soon as possible. This should include allocation of responsibility for delivery, as well as a system of monitoring to enable action to be taken to address underperformance. Due to the strategy period having commenced in March 2022, an initial review of performance should be prioritised to ensure that the strategy is on track to be delivered in 2025 (and where needed a remediation plan developed).

Management Action

Grade 3
(Design)

Work will continue on weaving performance measures directly related to the strategic priorities into our reporting cycles. A date has been set for the Strategic Planning Group to meet and finalise the actions and associated KPIs.

Action owner: Head of Strategic Planning and Performance

Due date: 31 August 2023

1.2 Centralised system for performance management data

To analyse performance, the IJB combines its own information with data from NHS Orkney and Orkney Islands Council. Information is consolidated from several systems, including drawn from Pentana and PARIS, along with manual intervention to interpret data. Further, certain organisations OIJB engages with remain reliant on paper-based systems.

The Chief Officer confirmed that there is a plan to upgrade to a system that is expected to improve functionality. The PARIS system is also due to be upgraded in May 2023, to improve functionality and help improve the process of logging performance management data.

Risk

Manually drawing data from different systems increases the risk of human error, and likelihood of inaccurate or incomplete data being used, resulting in inappropriate responses to identified issues.

Recommendation

We recommend OIJB work on a centralised approach to data consolidation and performance reporting. This should take into account not only developing a system which suits the needs of the organisation, but also working with partners to enable appropriate consolidated flows of information.

Management Action

Grade 2
(Operation)

Upgrade of our social care system is scheduled for September 2023 and work will be undertaken to improve our ability to produce key performance reports.

Action owner: Chief Officer

Due date: 31st March 2024

Control Objective 2: Performance management reports are produced regularly for management review, which provide information on actual performance against targets.



2.1 Use of KPIs in performance reports

Extant data presented in performance reports is not overtly and generally assessed by reference to targets and related indicators. OIJB is therefore unable to identify variances from actual, agreed targets or otherwise scrutinise and challenge potential underperformance.

Risk

This impairs the ability of report users and oversight forums to establish exactly how the organisation is performing and whether it is on track to achieve strategic objectives in an efficient and effective manner.

Recommendation

Once KPIs are set for OIJB, these should be fully integrated into performance monitoring and analysis.

Management Action

Grade 3
(Design)

Reports will be routed through the Performance and Audit Committee.

Action owner: Head of Strategic Planning and Performance

Due date: 31 December 2023

2.2 Frequency of review of performance data

The PAC reviews performance data at each of its meetings. However, there is a notable lag in the periods under review, such as at the June 2022 meeting which considered information which in some areas was over 3 months old.

Risk

Due to a lag in the timing of consideration of data, there is a risk that decisions taken in response to the information presented may no longer be relevant or appropriate.

Recommendation

OIJB should consider the timing of meetings to best enable timely performance review and give management opportunity to rectify issues in a timely manner.

Management Action

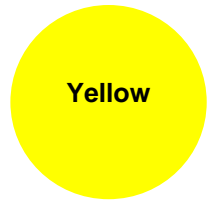
Grade 2
(Design)

Discussion has taken place with Committee Services and it is not considered feasible to increase the frequency of, or alter the scheduling of Performance and Audit committee meetings. Operational management will continue to rectify performance matters as part of their ongoing activity.

Action owner: n/a

Due date: Closed

Control Objective 3: Performance management reports are regularly produced and scrutinised by the Board and management. Action plans are developed and monitored to address areas of under-performance.



3.1 Action plans/logs created for tracking progress

Performance reports are produced quarterly and presented to the Performance & Audit Committee, with the minutes then presented to the IJB. However, OIJB does not readily capture actions and assign responsibilities and timescales for completion to enable performance-report related actions to be effectively tracked.

The Chief Officer noted that most issues are small and are addressed in the meetings and there is perhaps no need for an action plan. However, it was acknowledged that more complicated areas should be recorded in an action tracker to enable appropriate monitoring to be undertaken.

Risk

There is a risk that without appropriate tracking of actions, under-performance will not be dealt with in an appropriate manner with insufficient corrective action undertaken.

Recommendation

For notable matters agreed in meetings, action logs should be developed to ensure that agreed actions are completed.

Management Action

Grade 2
(Design)

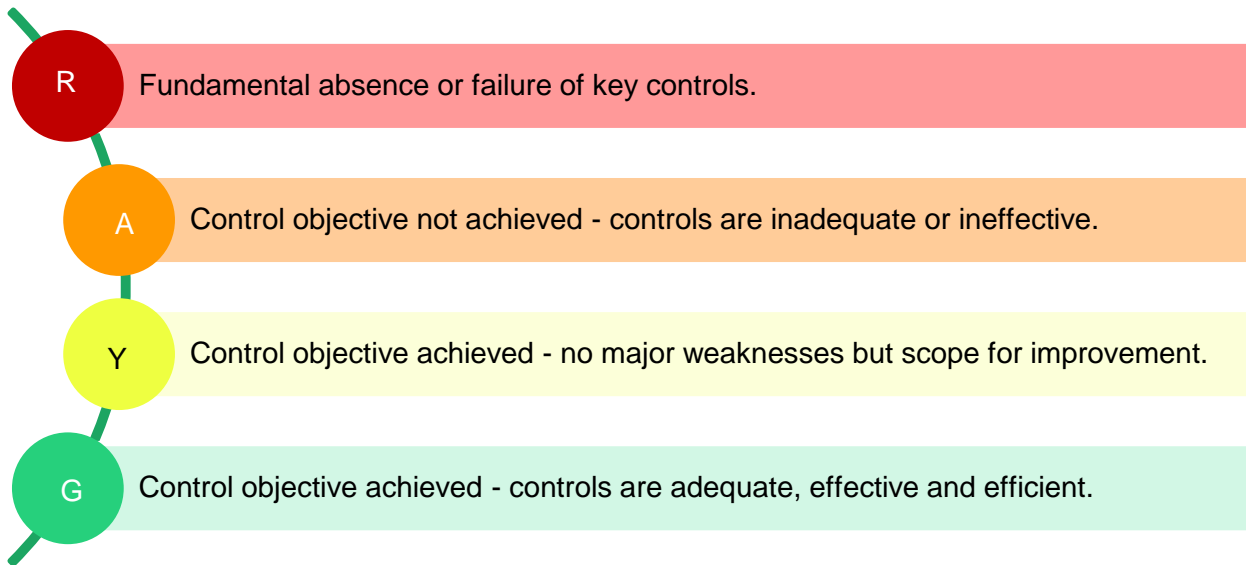
The existing Matters Arising Log captures relevant actions from each set of minutes of the Performance and Audit Committee and is included on the agenda to each meeting. The Matters Arising Log already encapsulates a named person and target by date. The Matters Arising Log will continue to be utilised for performance monitoring action points. The Chief Officer may in future report to the Performance and Audit Committee an action tracker for more complex areas where this enables appropriate monitoring to be undertaken.

Action owner: n/a

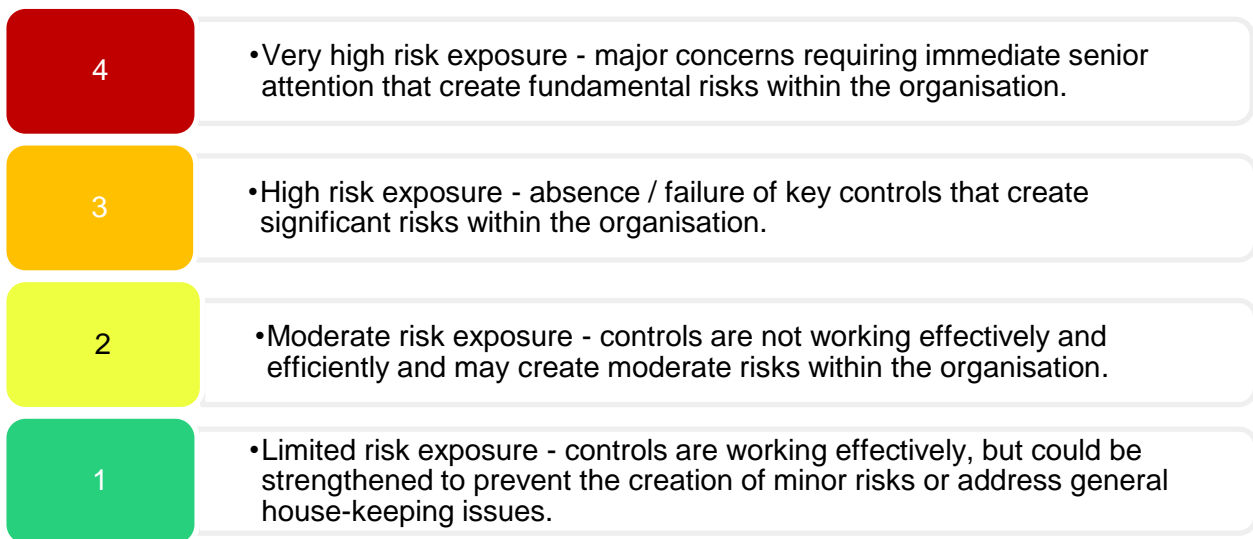
Due date: Closed

Appendix A – Definitions

Control assessments



Management action grades



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