

**Sally Shaw (Chief Officer)**

Orkney Health and Care

01856873535 extension: 2601

[OHACfeedback@orkney.gov.uk](mailto:OHACfeedback@orkney.gov.uk)



Agenda Item:8.

## **Integration Joint Board – Audit Committee**

Date of Meeting: 26 September 2018.

Subject: NHS Orkney Internal Audit Report – Partnership Working.

### **1. Summary**

1.1. An internal audit was completed in November 2017 of NHS Orkney's partnership working.

### **2. Purpose**

2.1. This report has been prepared to present the internal audit report relating to NHS Orkney's partnership working.

### **3. Recommendations**

The Audit Committee is invited to note:

3.1. That NHS Orkney Internal Audit has undertaken an audit of partnership working.

3.2. That the Internal Audit report, attached to this report, was scrutinised by the NHS Orkney Audit Committee on 5 December 2017.

3.3. The findings of the Internal Audit Report – NHS Orkney – Partnership Working, attached to this report.

### **4. Background**

4.1. NHS Orkney works in partnership with a range of organisations e.g. other health boards, the Scottish Government and Orkney Islands Council, regarding arrangements for health and social care integration. It is important that robust controls are in place to ensure that NHS Orkney gets the most from its partnership working.

4.2. The purpose of the audit was to review the partnership working arrangements with a number of the NHS Orkney's partners.

## 5. Audit Findings

5.1. The audit conclusion is that assurance has been gained that NHS Orkney's partnership working arrangements are effective and proactive in nature. However, instances were noted where there are inconsistencies in practice, particularly around the governance and formalisation of some of the partnership agreements.

## 6. Contribution to quality

Please indicate which of the Council Plan 2018 to 2023 and 2020 vision/quality ambitions are supported in this report adding Yes or No to the relevant area(s):

<b>Promoting survival:</b> To support our communities.	No.
<b>Promoting sustainability:</b> To make sure economic, environmental and social factors are balanced.	No.
<b>Promoting equality:</b> To encourage services to provide equal opportunities for everyone.	No.
<b>Working together:</b> To overcome issues more effectively through partnership working.	Yes.
<b>Working with communities:</b> To involve community councils, community groups, voluntary groups and individuals in the process.	No.
<b>Working to provide better services:</b> To improve the planning and delivery of services.	Yes.
<b>Safe:</b> Avoiding injuries to patients from healthcare that is intended to help them.	No.
<b>Effective:</b> Providing services based on scientific knowledge.	No.
<b>Efficient:</b> Avoiding waste, including waste of equipment, supplies, ideas, and energy.	No.

## 7. Resource implications and identified source of funding

7.1. There are no resource implications associated directly with the recommendations to this report.

## 8. Risk and Equality assessment

8.1. There are no risks associated with this report.

## 9. Direction Required

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

NHS Orkney.	No.
Orkney Islands Council.	No.
Both NHS Orkney and Orkney Islands Council.	No.

## **10. Author**

10.1. Olwen Sinclair, Chief Internal Auditor.

## **11. Contact details**

11.1. Email: [olwen.sinclair@orkney.gov.uk](mailto:olwen.sinclair@orkney.gov.uk), telephone: 01856873535 extension 2107.

## **12. Supporting documents**

12.1. Appendix 1: NHS Orkney Internal Audit Report 2017/18 – Partnership Working.



# NHS Orkney

## Internal Audit Report 2017/18

### Partnership Working

November 2017



Scott-Moncrieff  
business advisers and accountants

# NHS Orkney

## Internal Audit Report 2017/18

### Partnership Working

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<i>Audit Sponsor</i>	<i>Key Contacts</i>	<i>Audit team</i>
<i>Cathie Cowan, Chief Executive</i>	<i>Christina Bichan, Head of Transformational Change and Improvement Caroline Sinclair, Chief Officer Ashley Catto, Human Resources Manager Malcolm Colquhoun, Head of Hospital and Support Services Maureen Firth, Head of Primary Care Services Wendy Lycett, Principal Pharmacist Julie Nicol, Head of Organisational Development and Learning Hazel Robertson, Director of Finance Derek Lonsdale, Head of Finance Marthinus Roos, Medical Director</i>	<i>Chris Brown, Partner Susan Brook, Audit Management</i>

# Executive Summary

## Conclusion

We have gained assurance that NHS Orkney's partnership working arrangements are effective and proactive in nature. However, we have noted a number of instances where there are inconsistencies in practice, particularly around the governance and formalisation of some of the partnership agreements.

## Background and scope

### Background

NHS Orkney works in partnership with a range of organisations e.g. other health boards, the Scottish Government and Orkney Islands Council, regarding arrangements for health and social care integration.

It is important that robust controls are in place to ensure that NHS Orkney gets the most from its partnership working.

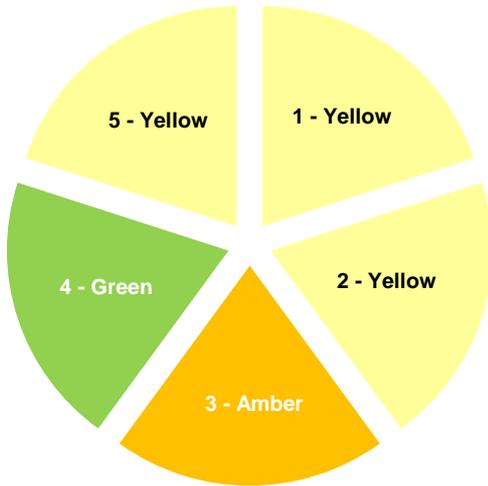
### Scope

In accordance with the 2017/18 internal audit plan, we reviewed NHS Orkney's partnership working arrangements, covering the following partnerships:-

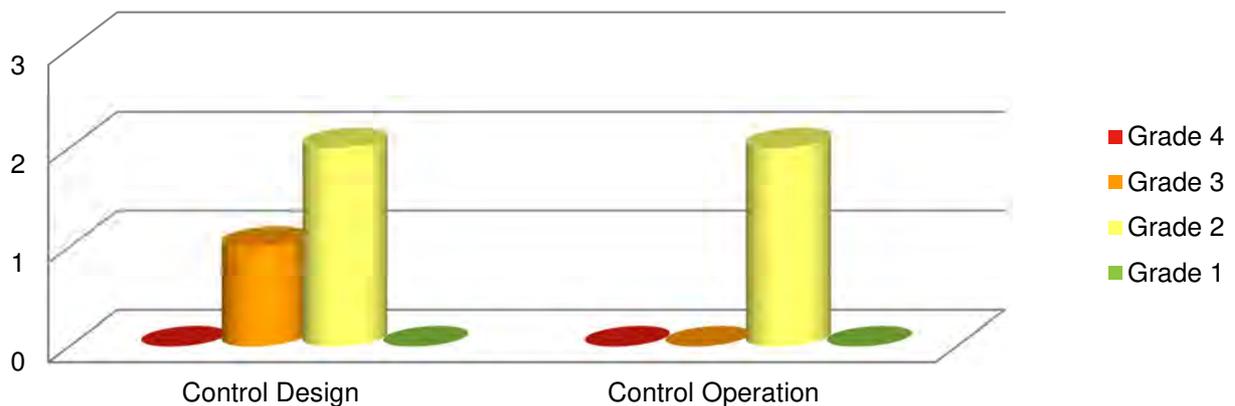
- Alcohol and Drugs Partnership;
- HR Function and the Area Partnership Forum;
- Community Planning Partnership;
- Orkney Childcare and Young People's Partnership;
- Orkney Community Justice;
- Integration Joint Board, (known locally as Orkney Health and Care);
- Area Drugs and Therapeutics, pharmacy arrangements with NHS Shetland;
- Historical arrangements for treating patient's within other Health Boards, mainly NHS Grampian; and
- Treatment of patients between NHS Orkney, NHS Shetland and NHS Western Isles.

## Control assessment

- 1. There are mechanisms in place for identifying and building partnership arrangements which include, where appropriate, establishing governance arrangements, defining shared objectives and agreeing deliverables.
- 2. There are procedures in place to assess and prioritise partnerships and ensure that these are directly linked to NHS Orkneys' strategic objectives.
- 3. There is an agreed set of measures and targets to track progress and demonstrate impact of partnership working.
- 4. There are risk management arrangements in place to mitigate the risk of others relying inappropriately on one organisation's work.
- 5. Progress and deliverables are communicated effectively from partnership working to key stakeholders.



## Findings by type and priority



Five findings have been identified from this review, three of which relate to the design of controls and two to compliance with existing procedures. See Appendix A for definitions of colour coding.

# Key findings

## Good practice

- NHS Orkney has a proactive attitude towards partnership working and strives to ensure that they engage with the most appropriate key partners. Previous work undertaken within the Orkney Health and Care Partnership between NHS Orkney and Orkney Islands Council (led by the Chief Executive in her previous joint Director role) has provided solid foundations and partnership working is accepted and encouraged throughout the organisation.
- The close community lifestyle (often seen in rural areas) naturally enables working partnerships. Staff within NHS Orkney are accustomed to communicating with and working alongside other services, they work in close circles with each other and roles often bridge across more than one service. NHS Orkney has very close working relationships with their partners with regular meetings and good communication links.
- Various avenues are used to communicate the work being undertaken with the various partners, for example blogs, social media, public meetings and video diaries. Documents of interest to stakeholders are readily available on partnership websites. Stakeholders are kept well informed of plans, events and developments.
- There is a discussion group in place to develop, support and improve the Integration Joint Board. This group has senior representation from Orkney Islands Council, NHS Orkney and the Integration Joint Board, known locally as Orkney Health and Care.

## Areas for improvement

We have identified some opportunities for improvement, which if addressed, would strengthen NHS Orkney's control framework, these include:

- Three of the nine partnerships reviewed did not have a Terms of Reference, Service Level Agreement (SLA) or some form of formal partnership agreement that defines the purpose and governance structure of the partnership.
- There is not always a formal forum in place for providing governance and oversight to all partnerships.
- Performance reporting is still to be fully developed for some of the partnerships.
- There are limited, specific measures in place to demonstrate effective partnership working. A large number of the targets and outcomes which have been set are not SMART (specific, measurable, achievable, realistic and time-based).

These are further discussed in the Management Action Plan below.

## Impact on risk register

The corporate risk register as at October 2017 included the following risk relevant to this review:

- CRR 124: Failure to deliver financial plans and manage impact of unforeseen costs will breach targets, and result in section 22 reports.

(Initial risk: High, Current risk: Medium, Target risk: Medium).

We have confirmed that controls in place are operating adequately; our findings suggest that partnership arrangements are being managed appropriately albeit improvements can be made. We agree with the current risk rating and would not suggest it requires review.

## 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 mechanisms in place for identifying and building partnership arrangements which include, where appropriate, establishing governance arrangements, defining shared objectives and agreeing deliverables.

Yellow

## 1.1 Partnership agreements

Whilst there were many good examples of partnership agreements in place, such as those for the Integration Joint Board and the Community Planning Partnership, the content and application of these is not consistent across all partnerships.

We reviewed the Terms of Reference in place with the various partnerships. We noted that the historical arrangement for treating patients at NHS Grampian and the current arrangement of treating patients between the three island boards (NHS Orkney, NHS Shetland and NHS Western Isles) were not fully supported by formal agreements such as a SLA. Where an SLA could be provided we found it to be service-specific and requiring review. The arrangement for the integrated HR Function with NHS Grampian is supported by a business case and, whilst we noted review meetings were in place, no Terms of Reference or formal partnership agreement could be provided.

### Risk

There is a risk that partnership arrangements fail because of lack of clarity over shared objectives, roles and responsibilities, performance metrics and reporting lines, which could result in an inefficient use of resources and NHS Orkney failing to meet service users' expectations and/or strategic objectives.

### Recommendation

All partnerships should be supported by a Terms of Reference, SLA and/or a formal partnership agreement, which sets out the service to be provided, tolerances, escalation processes and any reporting lines.

#### Management Action

Grade 2  
(Operation)

The Senior Management Team will develop a standard format that will inform the drafting of Terms of Reference for all new partnership arrangements. For partnerships already in place a review of all Terms of Reference will be undertaken by the end of March 2018. The table top review will be led by the Board Secretary and reported on through the Senior Management Team.

**Action owner:** Board Secretary

**Due date:** 31 March 2018

## Control Objective 2: There are procedures in place to assess and prioritise partnerships and ensure that these are directly linked to NHS Orkney's strategic objectives.

Yellow

### 2.1 Governance of partnership working

Forums or committees are in place to provide governance and oversight to some of the partnerships we reviewed. However, we noted there is no formal forum in place to provide governance and oversight to the quality aspect of the following two partnerships.

NHS Orkney is required to provide treatment for patients off island. NHS Orkney has relationships with mainland NHS Boards, notably NHS Grampian and NHS Highland, which have been ongoing for many years. Although the arrangements appear to work well they are not fully supported by a formal governance and review process. It was unclear when/if arrangements have been reviewed to provide assurance to the Board that they continue to deliver the most efficient and effective service for all concerned.

It is acknowledged that the Finance & Performance Committee has a role in providing governance and oversight to the arrangements for treating patients off island, but this was found to be mainly financial (e.g. reporting of overspends).

More recently the island boards (NHS Orkney, NHS Shetland and NHS Western Isles) have begun discussions to consider how they can use capacity (e.g. recent example of NHS Orkney coming to the aid of NHS Shetland to offer gynaecology care and treatment). We noted that no formal, assessment has been undertaken to establish whether this proposal is financially efficient or in the patient's best interests.

#### Risk

There is a risk that NHS Orkney maintains sub-optimal partnerships because of a lack of review and oversight which could result in missed opportunities and a failure to meet their strategic objectives.

#### Recommendation

Management should ensure that an effective forum is in place to provide governance and oversight to all partnerships. Arrangements, including SLAs should be formally reviewed on a regular basis with results presented to the Board, where appropriate, to allow effective scrutiny of key partnerships.

### Management Action

The Senior Management Team will develop a standard format that refers to the Board's corporate objectives. This template will inform the drafting of Terms of Reference for all new partnership arrangements. For partnerships already in place a review of all Terms of Reference will be undertaken by the end of March 2018. The table top review will be led by the Board Secretary and reported on through the Senior Management Team.

**Action owner:** Board Secretary

**Due date:** 31 March 2018

## 2.2 Alignment with strategic objectives

NHS Orkney's Corporate Plan indicates at a high level how the organisation will meet its strategic aims and corporate objectives. Nine partnership arrangements were considered as part of the testing and our review of the agreements in place highlighted many good examples of where the desired partnership objectives and outcomes were detailed. Good examples were noted in the Community Justice Outcomes Improvement Plan, and the Orkney Alcohol and Drugs Partnership. Our audit testing highlighted that improvement can be made to the linkage with NHS Orkney's strategic objectives, detailing and measuring of outcomes.

However, we noted that it was not overtly clear how the objectives of the HR Function with NHS Grampian are aligned with those set out within NHS Orkney's Corporate Plan. Sufficient documentation for the Area Drugs and Therapeutic partnership and the two partnerships discussed at 2.1 was not provided to enable us to make a full assessment.

### Risk

There is a risk that the partnerships do not contribute to the success of NHS Orkney as it is not clear how their objectives link with NHS Orkney's strategic objectives. This could result in missed opportunities for improvement.

### Recommendation

It should be clear to all stakeholders how the objectives, targets and outcomes of the partnerships and/or SLAs link to NHS Orkney's strategic objectives. Management should ensure that all relevant documentation maps partnership objectives clearly to the strategic objectives of NHS Orkney.

#### Management Action

Grade 2  
(Design)

Terms of Reference will capture alignment with NHS Orkney's strategic objectives as well as reporting to enhance governance arrangements. The review as outlined in control objective one will address this gap.

**Action owner:** Board Secretary

**Due date:** 31 March 2018

# Control Objective 3: There is an agreed set of measures and targets to track progress and demonstrate the impact of partnership working.

Amber

## 3.1 Targets and outcomes

We were advised by management that NHS National Shared Services is providing support in implementing more robust data analytical procedures. This is with a view to improving current performance reporting within the Integration Joint Board's Strategic Commissioning Planning process, using performance information being reported to the NHS Board and Orkney Islands Council.

We found that the following three partnerships were not reporting against clear targets:

- the HR arrangement with NHS Grampian;
- the historical treatment of patients on the mainland; and
- the treatment of patients within other island boards.

Other partnerships, such as that operating within the pharmacy department, were placing reliance on reporting National Indicators. There had been no assessment to confirm that these performance measures provide the most effective information to enable NHS Orkney to demonstrate that the desired outcomes from the partnerships are being achieved. During discussion with management, we noted that benchmarks need to be established for some arrangements in order to set a base line for measuring future performance improvement.

A significant number of the targets which have been set to measure progress are not SMART. For example, we noted in the Strategic Commissioning Plan and the Local Outcomes Improvement Plan that, in a number of arrangements, the target was simply to increase or decrease the number of users. This is not a SMART target as a movement of one would determine this target as being achieved.

### Risk

The impact of partnership working cannot be demonstrated if there are no measures in place to record progress. This could result in missed opportunities for improvement, services not fully reflecting local needs and failure to meet objectives.

### Recommendation

Whilst we acknowledge that work is being undertaken to improve the current performance reporting arrangements, further training and support for staff will help support improvements as the partnerships mature.

Management should develop SMART measures to monitor the effectiveness of partnerships. These performance measures should be mapped to NHS Orkney's strategic objectives to aid scrutiny and support and allow focus on the delivery of strategic outcomes.

**Management Action**

The Senior Management Team will address NHS Orkney's gaps in performance measurement and reporting. In partnerships such as those in place for community planning or to assist Orkney Health and Care Integration Board (agreed with IJB Board voting members that the NHS Board's performance report will be used to reduce the need to reproduce an IJB report). In regard to partnership measurement e.g. community planning, the NHS Board representatives will work to influence SMART objectives to measure partnership effectiveness. NHS Orkney has invested in QI training which is focusing on improving how we use and monitor data/information to inform decision making and measure effectiveness. Our SDM approach highlighted in other internal audits as best practice also adds to how we monitor performance.

**Action owner:** Head of Transformational (NHSO specific)  
Change and Improvement

**Due date:** 31 March 2018

CEO (partnership specific)

30 April 2018

## Control Objective 4: There are risk management arrangements in place to mitigate the risk of others relying inappropriately on one organisation's work.

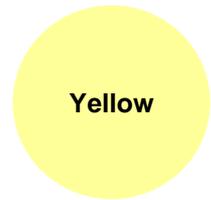
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### **No weaknesses identified.**

It was evident during the review that NHS Orkney identifies and works well with their key partners. There was no evidence found to indicate that too much reliance is being placed on any one partner. NHS Orkney uses a wide range of partners for a range of different activities,

Partnership roles are regularly reviewed alongside the services being delivered, (albeit sometimes informally) to ensure partnerships are optimised. Corrective action is being taken as a result of such reviews, memberships of committees have been revised to improve scrutiny and effectiveness. It is recognised that there are many areas of good practice and NHS Orkney should continue to proactively monitor engagement and communication with all partners.

# Control Objective 5: Progress and deliverables are communicated effectively from partnership working to key stakeholders.



## 5.1 Engagement with stakeholders

There is a communications and engagement strategy in place which demonstrates how the needs of stakeholders are incorporated into the work of NHS Orkney. We noted that the strategy had not been reviewed since July 2015, which is prior to the implementation of the Integration Joint Board, known locally as Orkney Health and Care.

### Risk

There is a risk that stakeholders are not kept fully informed of progress resulting in changes being implemented which may not reflect the current needs of the community. This can result in a poorer service being provided and reputational damage to the organisation.

### Recommendation

The stakeholder engagement document should be revised to ensure it fully reflects how NHS Orkney engages with the public, staff and partners including the Board of Orkney Health and Care following the implementation of the Integration Joint Board.

### Management Action

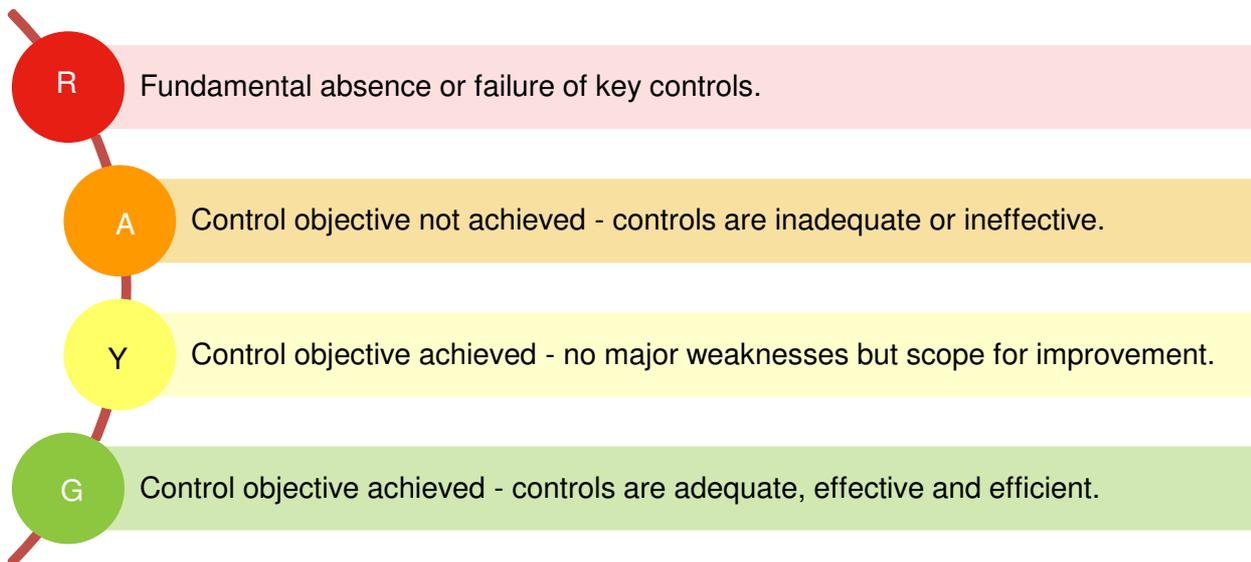
Grade 2  
(Operation)

The Communication and Engagement Group has been re-established. The Terms of Reference to reflect stakeholder engagement including the engagement with the IJB Board (Orkney Health and Care) will be updated.

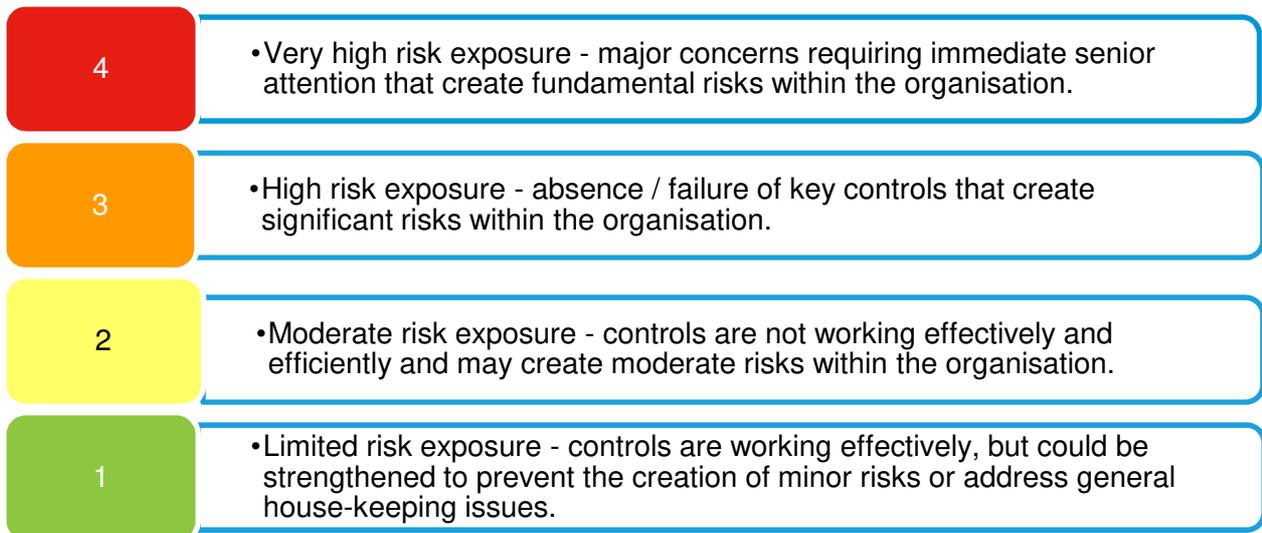
**Action owner:** Head of Organisational Development & Learning      **Due date:** 8 Dec 2017

# Appendix A – Definitions

## Control assessments



## Management action grades



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