



**Integration Joint Board  
Co-bhòrd an Amalachaidh**

**Internal Audit Review**

**Workforce Planning &  
Organisational Development**

**Final Report – 2020/21-IJB 2**

**9 November 2020**

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

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**CONTENTS**

	<b>Page</b>
<b>SECTION 1</b> EXECUTIVE SUMMARY	1-4
<b>SECTION 2</b> DETAILED FINDINGS AND RECOMMENDATIONS	5-10
<b>SECTION 3</b> ACTION PLAN	11
<b>APPENDIX A</b> RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT	12
<b>APPENDIX B</b> ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES	13
<b>APPENDIX C</b> DEFINITION OF AUDIT OPINIONS	14

<b>Date of Visit</b>	<b>September 2020</b>
<b>Draft Report Issued</b>	<b>15 October 2020</b>
<b>Management Response Received</b>	<b>6 November 2020</b>
<b>Final Report Issued</b>	<b>9 November 2020</b>

<b>Issued to:</b>	
<b>Chief Finance Officer, IJB</b>	<b>Debbie Bozkurt</b>
<b>Chief Executive, CNES</b>	<b>Malcolm Burr</b>
<b>Audit Scotland</b>	<b>D.Jamieson, R.Buist</b>

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

---

**SECTION 1: EXECUTIVE SUMMARY**

**Introduction**

- 1.1 The Report has been prepared following an internal audit review of Workforce Planning & Organisational Development as part of the operational annual internal audit plan for 2020/21. The purpose of the Report is to provide an overview of the Integration Joint Board's arrangements for Workforce Planning & Organisational Development in terms of the objectives noted below.

**Background Information**

- 1.2 Health and Social Care faces huge challenges, nationally and locally, with regards to the recruitment and retention of staff. An ageing population and workforce mean that there will ultimately be less people to care for more. This is further exacerbated locally by younger people leaving the islands.
- 1.3 Workforce planning and organisational development are vital tools that can help an organisation achieve its strategic objectives. By studying current resources and analysing future needs an organisation can determine gaps between its current and future workforce requirements. This can also inform how organisations develop their workforce in order to address any potential skills gaps and provide opportunities for career progression which can help with the retention of staff.

**Internal Audit Objective**

- 1.4 In accordance with the remit outlined within the operational annual internal audit plan for 2020/21 and further documented within the agreed terms of reference, our internal audit work was designed to obtain assurance that the Integration Joint Board's arrangements for Workforce Planning & Organisational Development were appropriate and operating as expected. In practice, we assessed whether the overall objective was being achieved by confirming that:-
- A medium to long term workforce strategy is in place which is aligned with business needs and outcomes and is consistent with the financial strategy and strategic plan;
  - The IJB has received confirmation from partner organisations that operational workforce plans are in place and reflect the overall workforce strategy;
  - Annual budgets reflect the staffing needs of partner organisations with any gaps in funding highlighted to the Integration Joint Board;
  - All risks associated with workforce planning, internal and external, are identified and included on the strategic risk register with actions outlined to address these;
  - Appropriate succession planning is in place with regards to strategic roles with all tasks delegated to relevant officers;
  - Statistical analysis and turnover forecast modelling is used in a way to inform short, medium and long term challenges in terms of natural turnover, staff age profiles and retention information, to assist in understanding the risks and the assurance the IJB needs from parent bodies in terms of taking the right action at the right time; and

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

---

- Training schemes and career pathways are considered throughout the workforce planning process and are included within the operational plans of partner organisations.

**Areas of Good Practice**

1.5 Our review identified the following areas of good practice:

- Detailed monthly monitoring reports.
- Workforce Strategy in place.

**Concluding Remarks**

1.6 Our detailed findings are included in the body of the Report. We would point out that the most significant issues arising from our review which require management attention are:

- An Integrated Workforce Plan needs to be implemented with progress on action points communicated regularly to the board as well as consideration given to the reinstatement of the HR forum; (Para 2.1)
- The IJB will need to continue to monitor any risks to service resilience and the ability to achieve strategic objectives as a result of the level of vacancies; (Para 2.2)
- An Interim Risk Management lead should be identified with the risk register reviewed on a regular basis and reported as a standing item on IJB agendas; (Para 2.3)
- In the absence of a Chief Officer, the IJB should confirm that it continues to meet its statutory obligations with regards to current arrangements with progress on workstreams regularly reported to the board by senior officers; (Para 2.4)
- Appropriate arrangements should be put in place with regards to reviewing the Strategic Plan and Integration Scheme. (Para 2.4)

1.7 Based on the audit work carried out our overall opinion is that a reasonable level of assurance can be placed upon the control environment of the service/area under review.

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

A full list of opinions which an auditor may provide can be seen at Appendix C.

**It should be noted that our findings and conclusions are based on the information made available to us at the time of our review. The current restrictions in place as a result of Coronavirus (COVID-19), together with home working is likely to have limited our access to some staff and documentation which requires to be acknowledged when considering the contents of the Report.**

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

---

1.8 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the Comhairle if it should occur, using the following criteria:

Grade 1 - **“Critical”** – High likelihood, High impact (HH)



“The weakness is almost bound to happen or is already happening (likelihood) and could have a significant impact on the Comhairle’s services, reputation, control, financial position, statutory, regulatory or constitutional compliance if not contained”

Grade 2 - **“Contingent/Insurable Risk”** - Low likelihood, High impact (LH)



“The weakness is unlikely to happen, but would have a significant impact on the Comhairle’s services, reputation, control, financial position, statutory, regulatory or constitutional compliance if it did occur”

Grade 3 - **“Housekeeping”** – High likelihood, Low impact (HL)



“The weakness is almost bound to happen or is already happening but is unlikely to have a material impact on the Comhairle’s services, reputation, control, financial position, statutory, regulatory or constitutional compliance, and can be contained”

Grade 4 - **“Value for Money”** – High likelihood, Value for money impact (HV)



“The weakness is almost bound to happen or is already happening but if contained would have a positive impact on economy, efficiency and effectiveness in the use of resources”

Where we have identified isolated exceptions in our sample testing, and we consider that:-

- they are unlikely to recur; and
- would have no significant impact if they should occur;

we have classified them as low likelihood and low impact (LL), discussed them with relevant officers and detailed them in Appendix B to the Report.

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

---

1.9 The recommendations can be summarised and prioritised as follows:

	Recommendations	Overall Gradings			
		4	3	2	1
2.1	<p>An Integrated Workforce Plan is implemented with progress on action points communicated regularly to the board.</p> <p>Strategic documentation published on the website to be updated with the latest versions.</p> <p>Consideration be given to the reinstatement of the HR forum.</p>				
2.2	The IJB continues to monitor any risks to service resilience and ability to achieve strategic objectives as a result of the level of vacancies				
2.3	Interim risk management lead to be identified with the risk register reviewed on a regular basis and reported as a standing item on IJB agendas.				
2.4	<p>The IJB confirms that it is meeting its statutory obligations with regards to the current arrangements in place.</p> <p>The IJB will need to obtain assurance via progress reports from Senior Officers from both parent bodies as to how workstreams are progressing in the absence of a Chief Officer in order for it to ascertain whether the strategic plan has been affected.</p> <p>Strategic plan and integration scheme to be reviewed.</p>				

1.10 We would like to thank all staff for the co-operation and goodwill we received during the course of our internal audit fieldwork.

For Integration Joint Board Internal Audit Section  
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9 November 2020

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

**SECTION 2 - DETAILED FINDINGS AND RECOMMENDATIONS**

FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
	L	I			
<b>Control Objective 1: A medium to long term workforce strategy is in place which is aligned with business needs and outcomes and is consistent with the financial strategy and strategic plan.</b>					
<p>2.1 The workforce strategy was updated and submitted to the board in December 2019 and covers the period 2019-22. The previous version contained an action plan detailing agreed outputs required across both organisations to support the strategy. However, it is unclear as to whether this action plan is still in place and whether progress is being routinely reported to the board.</p> <p>Without an integrated workforce plan there is no breakdown of SMART deliverables which makes it harder to define and report progress. As the IJB is required to have an integrated workforce plan in place this is a matter that will need to be fundamental to its considerations in achieving success. In order for the objectives of the strategy to be realised a comprehensive action plan will need to be implemented detailing action points, responsible officers and timeframes.</p>	<b>H</b>	<b>H</b>	An Integrated Workforce Plan is implemented with progress on action points communicated regularly to the board.	<b>1</b>	This will need to be further considered by the new Chief Officer on his appointment and the implementation of a supporting plan to align with the approved Strategy.

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
	L	I			
<b>Control Objective 1: A medium to long term workforce strategy is in place which is aligned with business needs and outcomes and is consistent with the financial strategy and strategic plan.</b>					
2.1 The workforce strategy published on the IJB's website is out of date and requires to be replaced with the latest version. This is also the case with regards to the strategic plan.  An audit carried out in 2019 identified that the Integrated HR Forum had not met for some time. We understand that the forum is still in abeyance although HR matters are discussed at the Integrated Corporate Management Team meetings.	H	L	Strategic documentation published on the website to be updated with the latest versions.	3	Agreed.
The workforce strategy states that the development of an integrated workforce will be overseen by the HR forum and that the forum would be responsible for ensuring that the statutory responsibilities of each parent body are being met within the context of integrated services. Consideration should therefore be given to whether the group is reinstated as this would provide a specialist forum for HR matters to be discussed as per the intentions of the strategy.	L	H	Consideration be given to the reinstatement of the HR forum.	2	This will need further input from the HR Managers from both the Comhairle and NHS in discussion with the new Chief Officer.

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
	L	I			
<b>Control Objective 3: Annual budgets reflect the staffing needs of partner organisations with any gaps in funding highlighted to the Integration Joint Board.</b>					
<p>2.2 Monthly monitoring reports are produced by the Chief Finance Officer detailing budget position as well as providing workforce information. Previous reports have indicated a large number of vacancies across integrated services with the September report stating a total of 109. Given the existing financial position of the IJB, external factors such as Brexit, Covid-19, continuing cuts to funding of parent bodies and the fact that a number of these vacancies will be currently covered by bank staff, locums or agency workers at a higher cost it is unlikely that the IJB could actually afford to fill all the vacant posts even if the labour supply was adequate.</p> <p>The IJB will need to continue to consider the ongoing risks to service delivery associated with these vacancies as well as any effects on the ability to achieve the aims and objectives of the strategic plan. The sustainability of paying higher rates to agency and similar types of workers will also need to be considered as pressures are likely to continue with limited resources for some time.</p>	L	H	The IJB continues to monitor any risks to service resilience and ability to achieve strategic objectives as a result of the level of vacancies.	2	<p>The number of vacancies has reduced, perhaps reflecting consequences to the local employment market of the COVID Pandemic, and the loss of employment in the hospitality and related sectors. The budget for 2020/21 can accommodate filling these vacancies, and the Chief Financial Officer recently advised the Integrated Corporate Management Team that the deficit for this Financial Year was of the order of £200k-£300k, with a reasonable expectation of breaking even.</p> <p>The structural deficit for the IJB remains, of course, significant: over £2m for 2021/22, rising to over £6m in 2023/24. Filling the vacancies as indicated should reduce dependence on external agency employees, although the management of Comhairle-led IJB services is to be commended for their very limited resort to external agency employees.</p>

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

Due

FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
	L	I			
<b>Control Objective 4: All risks associated with workforce planning, internal and external, are identified and included on the strategic risk register with actions outlined to address these.</b>					
<p>2.3 The risk register is generally reported to each meeting of the IJB although it did not appear on the September agenda. The recruitment and retention of staff within the IJB services are included on the register as a high risk area.</p> <p>According to the document the majority of entries were last reviewed in December 2019. Some entries appear to have been updated in between meetings, however, the dates of review should also be updated in order to provide a clear audit trail of amendments and to provide assurance that all items are being actively reviewed. There has been some recent communication between both parent bodies regarding the risk register. At present there does not seem to be a responsible officer named to manage this process in the absence of a Chief Officer. Given that the Chief Officer post has been vacant since April and that it may not be filled for some time yet, a risk management lead will require to be put in place for the interim period until a Chief Officer is in post.</p>	<b>H</b>	<b>H</b>	Interim risk management lead to be identified with the risk register reviewed on a regular basis and reported as a standing item on IJB agendas.	<b>1</b>	<p>The CFO continues to monitor workforce statistics including vacancies and age of the workforce and the risks that the IJB face. This will be undertaken quarterly and reported as part of the Financial Monitoring report.</p> <p>Due to the pressures of the COVID epidemic, the absence of a Chief Officer or Interim Chief Officer, together with the service having to manage (at that time) a COVID outbreak in South Uist this was missed on one occasion.</p> <p>The new CO will need to review the risk register and make adjustments as appropriate based on their own assessment of risks.</p>

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
	L	I			
<b>Control Objective 5: Appropriate succession planning is in place with regards to strategic roles with all tasks delegated to relevant officers.</b>					
2.4 The IJB has a statutory obligation to appoint a Chief Officer (CO). The CO post has been vacant since April and was subsequently advertised at the end of August. There is no Interim CO in place although we understand that there are interim line management arrangements in place for senior management as reported to the IJB in June. The IJB will need to consider whether it is continuing to meet its statutory obligations by not having an Interim CO in place.	H	H	The IJB confirms that it is meeting its statutory obligations with regards to the current arrangements in place.	1	A new Chief Officer has been appointed, who will be employed by NHS Western Isles, and his start date will be advised as soon as possible. It is likely that this will be in early 2021. Appropriate management arrangements were put in place by both CnES and NHS Western Isles to ensure support for in the Comhairle's case, Heads of Service. We believe that the statutory duties have been fulfilled.
The lack of CO has potentially left the IJB without the required level of strategic drive required for the past six months. Although we recognise that Covid-19 will already have likely caused a delay to some workstreams, the lack of CO could pose a further risk to the IJB in achieving its aims with regards to its strategic plan.	L	H	The IJB will need to obtain assurance via regular progress reports from Senior Officers from both parent bodies as to how workstreams are progressing in the absence of a Chief Officer in order for it to ascertain whether the strategic plan has been affected.	2	While this arrangement was adequate in terms of management supervision (the Interim Management arrangements were provided by the Chief Executive, who is both an adviser to the IJB and a full member of ICMT), inevitably there will have been some loss of momentum from the vacancy in the CO post.

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
	L	I			
<b>Control Objective 5: Appropriate succession planning is in place with regards to strategic roles with all tasks delegated to relevant officers.</b>					
2.4 The current Strategic Plan covers the period 2020/21. As indicated in a recent report to the IJB this along with the integration scheme are both due to be reviewed therefore arrangements will need to be put in place to commence this process.	L	H	Strategic plan and integration scheme to be reviewed.	2	It must be noted formally that the IJB has been at the forefront of management of the COVID Pandemic in the Western Isles for much of the period of this Audit Report, and focus, with or without a Chief Officer, would inevitably have shifted from Workforce Planning and Organisational Development to a focus on Resilience and Response. That focus now needs to shift to Response, Recovery and Strategic Planning

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

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**SECTION 3 - ACTION PLAN**

<b>REF.</b>	<b>RECOMMENDATION</b>	<b>RESPONSIBLE OFFICER</b>	<b>DATE OF IMPLEMENTATION</b>
2.1	An Integrated Workforce Plan is implemented with progress on action points communicated regularly to the board.  Strategic documentation published on the website to be updated with the latest versions.  Consideration be given to the reinstatement of the HR forum.	Chief Officer  Chief Officer  Chief Officer	Review by April 2021  Review by April 2021  Review by April 2021
2.2	The IJB establishes any risks to service resilience and ability to achieve strategic objectives as a result of the level of vacancies.	Chief Officer	Review by April 2021
2.3	Interim risk management lead to be identified with the risk register reviewed on a regular basis and reported as a standing item on IJB agendas.	Chief Officer	Review by April 2021
2.4	The IJB confirms that it is meeting its statutory obligations with regards to the current arrangements in place.  The IJB will need to obtain assurance via regular progress reports from Senior Officers from both parent bodies as to how workstreams are progressing in the absence of a Chief Officer in order for it to ascertain whether the strategic plan has been affected.  Strategic plan and integration scheme to be reviewed.	Chief Executive - Comhairle  Chief Officer  Chief Officer	Completed.  Review by April 2021  Review by April 2021

**RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT**

**Responsibility in Relation to Internal Controls**

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

It is the responsibility of the Comhairle's management to consider the detailed findings of this Report, where such findings have a specific impact on risk registers. This may include a risk that has not yet been identified, or current risk controls which may be required to be updated to reflect any changes as a result of the findings contained in this report.

**Responsibilities in Relation to Fraud and Corruption**

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

**INTEGRATION JOINT BOARD  
INTERNAL AUDIT REPORT  
WORKFORCE PLANNING & ORGANISATIONAL DEVELOPMENT**

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**APPENDIX B**

**ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS**

<b>ITEM</b>	<b>ISOLATED EXCEPTION</b>	<b>RESPONSIBLE OFFICER</b>	<b>AGREED Y/N</b>	<b>DATE OF DISCUSSION</b>

**DEFINITION OF AUDIT OPINIONS**

The standard definitions for internal audit assurance over an engagement are as follows:

<b>Level of Assurance</b>	<b>Definition</b>
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.