

STATES OF JERSEY



HEALTH AND SOCIAL SERVICES INTEGRATED CARE RECORDS PROGRAMME (P.A.C.2/2014): RESPONSE OF DEPARTMENTS

Presented to the States on 19th September 2014
by the Public Accounts Committee

STATES GREFFE

**HEALTH AND SOCIAL SERVICES INTEGRATED CARE RECORDS
PROGRAMME (P.A.C.2/2014): RESPONSE OF DEPARTMENTS**

Departmental Response to: P.A.C.2/2014

Response required by: 29th August 2014

Review title: Health and Social Services Integrated Care
Records Programme

PUBLIC ACCOUNTS COMMITTEE INTRODUCTION

On 2nd September 2014 the Committee received the appended response to its report P.A.C.2/2014. The Committee reviewed the response during the course of its last meeting on 15th September, at which it agreed to present the same to the States Assembly for information.

The Committee wishes to make it known that it is less than satisfied with the substance and the tone of the responses to recommendations 1 and 2. Notwithstanding that both recommendations have been accepted, the responses effectively contend that little or no change is required because existing procedures and practices are already delivering the outcomes required. The Committee has undertaken preliminary testing of certain assertions made in the responses to these 2 recommendations. Its findings suggest that those assertions should not be taken at face value and that it may be appropriate for the Committee's successor to consider following up these recommendations in early course.

The Committee is nevertheless pleased to report that it has now received a report from the Chief Executive regarding project management standards. That report confirms the existence of an action plan to raise project management standards right across the organisation. We are reasonably confident that the Public will begin to see a notable improvement in public sector performance if this action plan is executed effectively.

INTRODUCTION

The Chief Executives’ responses to the recommendations contained within the Committee’s report are detailed below. As always, the work of the Committee is valued.

RECOMMENDATIONS

[Notes CIA = Chief Internal Auditor
 CMB = Corporate Management Board
 CE, SoJ = Chief Executive, States of Jersey
 ToS = Treasurer of the States]

	Recommendations	To	Accept/ Reject	Comments	Target date of action/ completion
1	To assist the Audit Committee to track the progress of individual internal audit reviews, regular internal audit plan progress reports submitted to the Audit Committee should clearly record the current status of each review relative to the status reported to the Audit Committee at its previous meeting.	CIA	Accept	The ICR internal audit was carried out in 2006 under a previous Treasurer and Chief Internal Auditor (CIA). Under the current Audit Committee and current Treasurer’s protocol, a status of the audit report would have been communicated to both the Treasurer and the Audit Committee each quarter, so the progress of the audit report would have been monitored and formalised. As required under Public Sector Internal Auditing Standards, there should be regular internal audit plan progress reports submitted to the Audit Committee that should clearly record the current status of each review relative to the status reported to the Audit Committee at its previous meeting. This not only complies with required standards issued by H.M. Treasury, but also provides best practice over good governance. The process on reporting audit reports and Internal Activity has changed fundamentally since 2006 when the ICR audit was carried out, including appointing independent Audit Committee members since 2009. As presented previously to the Public Accounts Committee in a presentation pack for Internal Audit (23rd May 2014), the Audit Committee has for a number of years received every quarter updates as to the status of the audit plan, including audit reports and other projects. In addition, the Audit Committee is consulted over any change in the audit plan, either from departmental requests for	Already implemented

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				<p>additional audits or due to a capital expenditure project being delayed, for example. The Audit Committee are also made aware of any high-level recommendations every quarter which are presented by the Chief Internal Auditor at each Audit Committee. The Audit Committee Chairman, as well as the Comptroller and Auditor General (C&AG) and external auditors receive a copy of every internal audit report issued, and the Audit Committee can call any Accounting Officer if they wish to discuss any Internal Audit report or any other matter.</p> <p>The current Chief Internal Auditor, who was appointed in August 2013, initiated a project in Quarter 4 of 2013 to review all Internal Audit recommendations from the past 4 years, of which there are approximately 700 across all departments. She has provided the Audit Committee with a status update on this project as at 30th June 2014. In addition to this, since Q4 2013 there is a new Internal Audit process to review recommendations of audits 6 months after issue of the report. It is important that audit recommendations are followed up, not only to comply with best practice, but also to comply with auditing standards. This ensures that not only is the Audit Plan status being monitored by the Audit Committee, as also recommended by the Public Accounts Committee in this report, but also Internal Audit recommendations are monitored by the Audit Committee.</p> <p>The Committee's Report states that: "The ICR programme internal audit report was never finalised. This was unusual. No formal explanation for this omission has been forthcoming." This is indeed unusual, and under the current arrangements would not happen, as both the Treasurer and the Audit Committee are provided with a status audit report on all audits at least quarterly. The Chief Internal Auditor was contacted by telephone at the start of 2014 by the</p>	

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				<p>Public Accounts Committee Clerk to enquire why the draft audit report of 2006 was never issued, and was provided with an explanation. Although the Chief Internal Auditor was informally contacted and provided an informal response, no formal request was made for further information, nor was the Chief Internal Auditor consulted as part of the drafting process or prior to publishing of the report. If this was the case, a formal explanation would have been provided in writing. Section 9.10 of the Code of Practice for Scrutiny Panels and the Public Accounts Committee states that: "In the event that information from a Department is not forthcoming, the Panel Chairman will contact the Minister directly and the Scrutiny Officer will advise the Scrutiny Manager, who will contact the relevant Executive Officers". It is unfortunate that the Chief Internal Auditor does not appear to have had the opportunity to review the draft report or receive a formal request.</p> <p>This recommendation has been satisfied through a robust arrangement that has been in place for a number of years now.</p>	
2	The Corporate Management Board must ensure that Ministers are suitably briefed on, and have formally endorsed, their departmental capital programme bids before they are submitted to the Council of Ministers for consideration as part of the Medium Term Financial Plan.	CMB	Accept	<p>The Corporate Management Board (CMB) Capital Sub-Group review and prioritise the MTFP capital programme in the context of a long-term 25 year capital planning horizon to fit within the financial envelope forecast to be available in each year. The objective is to achieve the operational outcomes required to fulfil the policy objectives of their Ministers and the States Assembly in a timely and affordable way.</p> <p>Financial Directions governing the control of capital expenditure require the Sponsoring Minister to be part of the project administration structure, and potentially also to sit on the Project Group where it is deemed appropriate by the sponsoring department. The financial direction (FD) also requires Ministerial</p>	Already implemented

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				<p>sign-off at the feasibility study stage. With the exception of very large projects where feasibility studies require funding through the capital programme, this stage precedes the submission of the capital programme.</p> <p>Internal rules are already in place to address this recommendation – compliance is a matter for individual departments and accounting officers.</p>	
3	The Corporate Management Board must ensure that a thorough and objective evaluation is undertaken, and is documented either at the conclusion of every capital project or whenever the capital budget allocated by the States to a specific project is deemed to require supplementation.	CMB	Accept	<p>The existing Financial Direction 5.6 ‘Control of Capital Expenditure’ requires all departments to produce a project completion and post contract evaluation for every project. This must be presented to the sponsoring department and copied to the Capital Accountant at the States Treasury.</p> <p>The imminent new Financial Direction 7.1 ‘Major Projects’ requires the Accounting Officer to authorise and document any variations to the existing contract. This includes, if relevant, a consequential change in price determined in accordance with the contract terms. Details of all variations must be recorded and retained by the Accounting Officer for review and audit purposes.</p>	Already implemented and will be strengthened with release of Financial Direction 7.1 in 2015
4	Outline business cases produced in support of capital funding bids must, as a minimum, specify clearly the anticipated funding requirement, the purpose of that funding, and appropriate measureable outcomes.	CMB	Accept	<p>The imminent replacement for Financial Direction 5.6 more explicitly requires an Outline Business Case (OBC) to be submitted before a project is considered for inclusion in the Long-Term Capital Plan and subsequent MTFP.</p> <p>The OBC must develop the content of the Initial Project Assessment and must include, amongst other criteria, an estimate of project costs that is sufficiently accurate for inclusion in the approval process, a definition of the requirement for the funding, and a consideration of relevant factors, including political, economic, social, technological, environmental, legal and ethical (PESTELE) considerations.</p>	Will be strengthened with release of Financial Direction 7.1 in 2015

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5	The Chief Executive should, within 8 weeks, present to this Committee a written report explaining what actions are being or have been taken in response to the recommendations made by the C&AG in her report R.118/2013.	CE, SoJ	Accept	Work is currently underway on the report, which will be presented by 11th September 2014.	11th September 2014
6	The Treasurer of the States must ensure that all project descriptions included within future Medium Term Financial Plans and Budget Statements provide a clear and accurate summary of the purpose of funding allocations and measurable outcomes to allow for departments to be held to account.	ToS	Accept	<p>The MTFP agrees a total amount available to allocate to capital projects in each of the years within the Plan. This is based on the projects identified by departments in the Long-Term Capital Plan prioritised to fall within the financial envelope forecast to be available. Whilst a list of projects is published in the MTFP, the final programme is not approved until the Budget for each of the years in question. The final capital programme is likely to have variations to the list published in the MTFP to accommodate changes in priorities and the financial envelope available.</p> <p>The descriptions published in the MTFP will continue to be high-level, capturing the requirements, cost and proposed solution. The Budget will develop these descriptions, with further detail included in the business case and supporting documentation for each project, but not published.</p>	From MTFP 2016–2018