



Aberdeen City Health & Social Care Partnership  
*A caring partnership*



## **Internal Audit**

# **Risk, Audit and Performance Committee Internal Audit Update Report November 2022**

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# 1 Executive Summary

## 1.1 Introduction and background

Internal Audit's primary role is to provide independent and objective assurance on the Council's risk management, control, and governance processes. This requires a continuous rolling review and appraisal of the internal controls of the Board involving the examination and evaluation of the adequacy of systems of risk management, control, and governance, making recommendations for improvement where appropriate. Reports are produced relating to each audit assignment and these are provided to the Risk, Audit and Performance (RAP) Committee. Along with other evidence, these reports are used in forming an annual opinion on the adequacy of risk management, control, and governance processes.

This report advises the RAP Committee of Internal Audit's work since the last update. Details are provided of the progress against the approved 2021-22 and 2022-23 Internal Audit plans, audit recommendations follow up, and other relevant matters for the Committee to be aware of.

## 1.2 Highlights

Full details are provided in the body of this report however Internal Audit would like to bring to the Committee's attention that since the last update:

- One report has been finalised.
- Two audits are currently in progress.
- Nine audit recommendations have been closed, with only one currently outstanding.
- Over the coming months Internal Audit will complete the process for developing the 2023-26 Assurance Plan.

## 1.3 Action requested of the RAP Committee

The Committee is requested to note the contents of this report and the work of Internal Audit since the last update.

## 2 Internal Audit Progress

### 2.1 2021-22 Audits

Council Area	Audit Area	Position
HSCP	Care Management	Final audit report issued
IJB	Transformational Programme	Review in progress – Final draft with Management

### 2.2 2022-23 Audits

Service	Audit Area	Position
HSCP	Adults with Incapacity (Management of funds)	Not started – Review scheduled for Q4
Integration Joint Board	IJB Data Sharing	Review in progress – Initial draft with Management

### 2.3 Audit reports presented to this Committee

Report Title	Assurance Year	Conclusion
Care Management	2021-22	Assurance has been obtained from Digital and Technology over the project implementation plans for the new Care Management System. There is a formal governance and programme management process in place, with regular reporting scheduled to provide updated on progress with delivery of the new system, and any exceptions being escalated to the appropriate level. The system is scheduled to go live in September 2022. System functionality has been clearly mapped out, building on existing practice. There are clear plans and practical steps in place for migrating data from the old system onto the new one and verifying its accuracy. This includes mapping of data from the old system to the new system, and validation of data format and content, to ensure it matches the appropriate rules built into the system which govern processing of transactions. An iterative testing programme is in progress, with exceptions being identified, addressed, and reduced with each test run. Complex cases and any errors are passed back to the HSCP for review prior to corrections being applied. A read-only version of the old system will remain in place until March 2023 so data will not be lost and can be reviewed if any issues are identified at a later stage. Assurance over the new arrangements in practice will be obtained through a planned Internal Audit of the new Care Management System during 2023-24.

### 2.4 Follow up of audit recommendations

Public Sector Internal Audit Standards require that Internal Audit report the results of its activities to the Committee and establishes a follow-up process to monitor and ensure that management actions have been effectively implemented.

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Recognising the implementation of audit recommendations as something that Internal Audit could support the Board with, over the past months Internal Audit has led an exercise aimed at supporting management on the closure of agreed actions. This did not move the tolerances but through engagement beyond the routine follow up exercise, we worked with management to close out as many actions as possible and leave only those actions that were rightly ongoing for management to focus on.

As at 30 June 2022 (the baseline for our exercise), 10 audit recommendations were due and outstanding:

- Seven rated as Significant within Audited Area
- Three rated as Important within Audited Area

As part of the audit recommendations follow up exercise, nine audit recommendations were closed:

- Seven rated as Significant within Audited Area
- Two rated as Important within Audit Area

The outstanding position going forward is that of one recommendation rated as Important within Audited Area<sup>1</sup>. This action has been discussed with management, an update provide and new implementation dates agreed.

Appendix 1 – Grading of Recommendations provides the definitions of each of the ratings used.

Appendix 2 – Audit Recommendations Follow Up – Outstanding Actions provides a detailed breakdown of the nine outstanding audit recommendations that will be taken forward and followed up as part of the next cycle.

## **2.5 2023-26 Audit Planning Process**

Over the coming months Internal Audit will begin the process of developing the 2023-26 Assurance Plan. Appendix 3 – 2023-2026 Internal Audit Planning Process details the process that will be followed.

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<sup>1</sup> This is the position with regards to recommendations that were due as at 30 June 2022. Recommendations falling due past this date and those made as part of subsequent Internal Audit Reports will be followed up as part of the standard follow up cycle and reported to Committee session on session.

### 3 Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
<b>Major at a Corporate Level</b>	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
<b>Major at a Service Level / within audited area</b>	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
<b>Significant within audited area</b>	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
<b>Important within audited area</b>	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.

## 4 Appendix 2 – Audit Recommendations Follow Up – Outstanding Actions

Area	Report	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
Health and Social Care Partnership: Health and Social Care Partnership	AC2112 – Mental Health and Substance Abuse	2.1.2: The Service should review policies and procedures to ensure they are up to date. (Service to link with roll out of new D365 system) <b>(Important within audited area)</b>	June 2022	September 2022	The roll out of the new system has yet to be completed, therefore procedures have not yet been fully updated.	<b>In progress</b>

## 5 Appendix 3 – 2023-2026 Internal Audit Planning Process

