



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



## **Internal Audit**

# **Risk, Audit and Performance Committee Internal Audit Update Report February 2023**

---

# Contents

<b>1</b>	<b>Executive Summary</b> .....	<b>3</b>
1.1	Introduction and background.....	3
1.2	Highlights.....	3
1.3	Action requested of the RAP Committee.....	3
<b>2</b>	<b>Internal Audit Progress</b> .....	<b>4</b>
2.1	2021-22 Audits.....	4
2.2	2022-23 Audits.....	4
2.3	Audit reports presented to this Committee.....	4
2.3.1	Historic methodology.....	4
2.3.2	Current methodology.....	4
2.4	Follow up of audit recommendations.....	6
<b>3</b>	<b>Appendix 1 – Grading of Recommendations (historic)</b> .....	<b>8</b>
<b>4</b>	<b>Appendix 2 – Grading of Recommendations (current)</b> .....	<b>9</b>
<b>5</b>	<b>Appendix 3 – Audit Recommendations Follow Up – Outstanding Actions</b> .....	<b>10</b>

---

# 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:

- Two reports have been finalised, with the final review of the year in progress.
- Two audit recommendations have been closed, with one carried forward.

## 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
Integration Joint Board	Transformational Programme	<b>Final Report Issued</b>

### 2.2 2022-23 Audits

Service	Audit Area	Position
Council Led HSCP Services	Adults with Incapacity (Management of funds)	<b>Review in Progress</b>
Integration Joint Board	IJB Data Sharing	<b>Final Report Issued</b>

### 2.3 Audit reports presented to this Committee

#### 2.3.1 Historic methodology

Report Title	Assurance Year	Conclusion
AC2211 – Transformational Programme	2021-22	<p>Despite recruitment challenges and the impact of COVID-19, work is continuing to progress delivery of the IJB's transformation agenda.</p> <p>The Aberdeen City Health and Social Care Partnership's (ACH&amp;SCP) Delivery Plan detailed in the Strategic Plan for 2022-25 provides a comprehensive framework for progressing the partnership's priorities over the next three years in the run up to the establishment of the National Care Service, with projects allocated to responsible officers and deadlines established and savings allocated at a high level to Strategic Plan aims and enablers. A system of dashboard reporting is in place for Senior Leadership Team and the Risk, Audit and Performance Committee to monitor Delivery Plan progress. In addition, statutory annual performance reporting including progress delivering on national integration outcomes is taking place.</p> <p>Transformation projects have progressed despite the unusual circumstances and challenges presented by COVID-19. Recommendations have been made to enhance controls over project management including formalising project management procedures and enhancing monitoring information available to groups responsible for project delivery, including project level workplans, operational risk logs and budget monitoring information.</p>

#### 2.3.2 Current methodology

Report Title	Assurance Year	Risk Level	Net Risk Rating	Conclusion
AC2302 – IJB Data Sharing	2022-23	Function	<b>Moderate</b>	The level of net risk is assessed as <b>MODERATE</b> , with the control framework deemed to provide <b>REASONABLE</b>

Report Title	Assurance Year	Risk Level	Net Risk Rating	Conclusion
				<p>assurance over the IJB's approach to data sharing.</p> <p>Information risk is increased where data is shared between organisations, hence the Information Commissioner's Office (ICO) Data Sharing Code of Practice recommends that organisations have a data sharing agreement. A data sharing agreement between NHSG and the Aberdeen City, Aberdeenshire, and Moray councils was drafted and issued in 2022 but has not yet been signed by all parties. However the Policy, Procedure and Governance framework in place within each Partner organisation should ensure their staff are adequately trained in data protection to operate in a risk environment where their responsibility is clear.</p> <p>Records Management plans are in place in accordance with legislation, but how these and other procedural documents and the key staff involved fit into the overall information governance framework for the IJB is not clearly documented. The types of information, how this is shared, the systems used, and the individuals responsible for ensuring its quality, security, safe passage, and the authority required, should be clearly mapped out. Where appropriate, there may be scope for the harmonisation of procedures, potentially with the other IJB's that NHS Grampian serves.</p> <p>Assurance over information compliance can be drawn from the Partners' Risk Boards and records of training, data protection impact assessments, and information breaches, all of which are reported internally. The Chief Officer of the IJB is also a member of NHS Grampian's Chief Executive Team and similar with Aberdeen City Council. The Business and Resilience Manager is responsible for providing the IJB with this assurance: more comprehensive regular assurance reporting to the Risk, Audit and Performance Committee, based on such sources, would be beneficial for the IJB.</p> <p>The original intention of this review was for the assurance providers of the three organisations to work together and where individual reports would be produced, also include a covering report providing details of the assurance gained from all areas of</p>

Report Title	Assurance Year	Risk Level	Net Risk Rating	Conclusion
				<p>work. As there is currently limited assurance being provided directly to the IJB on this aspect of its business, Internal Audit sought assurance from the Partners over their data protection governance arrangements, and how these are applied in respect of services delegated to the IJB.</p> <p>Comprehensive data was available on the arrangements put in place by Aberdeen City Council. However, due to other commitments (a regulatory audit from the ICO) NHS Grampian has not been able to facilitate such a review and their auditors instead plan to carry out the work later in the year. The IJB will still require assurance over this aspect of its governance arrangements, and recommendations have been made in this report as to the type and extent of assurance required. The intention is still to carry out analysis of all three pieces of work and create an overarching summary, however this will not be available until later in the financial year. Where we have been unable to confirm arrangements or gain assurance over elements of the control framework managed by NHS Grampian, this has been highlighted in the report and Management should seek to gain assurance over these areas where they feel it is needed. However, assurance can be taken from the results of the ICO audit, and from the engagement of NHS Grampian in the finalisation of this report.</p>

## 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.

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 December 2022 (the baseline for our exercise), 3 audit recommendations were due and outstanding:

- Two rated as Moderate

- 
- One rated as Minor

As part of the audit recommendations follow up exercise, two audit recommendations were closed. The outstanding position going forward is that of one recommendation carried forward. Management provided an update on this and a new implementation date agreed.

Appendix 1 – Grading of Recommendations (historic) and Appendix 2 – Grading of Recommendations (current) provides the definitions of each of the ratings used.

Appendix 3 – Audit Recommendations Follow Up – Outstanding Actions provides a detailed breakdown of the outstanding audit recommendation that will be taken forward and followed up as part of the next cycle.

### 3 Appendix 1 – Grading of Recommendations (historic)

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 – Grading of Recommendations (current)

Risk level	Definition
Corporate	This issue / risk level impacts the IJB as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	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.	Substantial
Moderate	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.	Reasonable
Major	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.	Limited
Severe	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.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the IJB's objectives or could impact the effectiveness or efficiency of the IJB's activities or processes. Action is considered imperative to ensure that the IJB is not exposed to severe risks and should be taken immediately.

## 5 Appendix 3 – Audit Recommendations Follow Up – Outstanding Actions

Area	Report	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
Health and Social Care Partnership	AC2211 - Transformational Programme	Where relevant, budget monitoring information should be regularly reported to groups responsible for Delivery Plan projects with sufficient detail to identify project budget underspends and pressures requiring corrective action. <b>(Moderate)</b>	31/12/2022	30/06/23	Detailed budget monitoring reports are provided ahead of these meetings, discussed and any relevant amendments/adjustments agreed before being changed on the ledger to flow through into the forecasts. We are in the process of assigning the budgets to the specific delivery plan projects, but this will take some time as there is considerable work required to allocate the individual budgets and then set-up a process to extract the information efficiently to allow for regular and relevant monitoring to take place. It is the intention to get the top-level budget set by the end of February, and then start work on allocating the budgets to the Delivery Plan before the year-end work starts.	In Progress