



Aberdeen City Health & Social Care Partnership
A caring partnership



Internal Audit

Annual Assurance Report and Chief Internal Auditor Opinion 2022/23

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1 Executive Summary

1.1 Introduction and background

Internal Audit's (IA) primary role is to provide independent and objective assurance on the Integrated Joint Board's (IJB) 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 presented when finalised to the Risk, Audit and Performance Committee. Along with other evidence, these reports are used in forming an annual opinion on the adequacy of risk management, control, and governance processes.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Public Sector Internal Audit Standards set the mission of IA as to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

1.2 Purpose of this report

Public Sector Internal Audit Standards require that IA produce an annual report on the adequacy and effectiveness of the Board's framework of governance, risk management and control. It is one of the functions of the Risk, Audit and Performance Committee to review the activities of the IA function, including its annual work programme.

This report is designed to meet three objectives; to present to the Risk, Audit and Performance Committee, and through them, the IJB:

- A formal opinion on the adequacy and effectiveness of the Board's arrangements for:
 - Governance
 - Risk management
 - Internal control
- A narrative over the key strategic and thematic findings from the assurance work undertaken by IA during 2022/23, drawing out key lessons to be learned.
- An account of the assurance activities and resources of IA during the period 2022/23.

This report covers the period from 1 April 2022 to 31 March 2023 and any work finalised during the 2022/23 assurance period. It also takes account of work undertaken up to the date of the issue of this report. The report is grounded in the

whole activity and work of IA, whether in terms of formal audit evidence and work, management assurance and consultancy activity, or evidence gathered throughout wider engagement across the Board and Council overall.

1.3 Conclusion

The overall Chief Internal Auditor's opinion is:

In my opinion the Board had an adequate and effective framework for governance, risk management and control, covering the period 1 April 2022 to 31 March 2023.

For further commentary see the Annual Assurance Opinion section below.

1.4 Action requested of the Risk, Audit and Performance Committee

The Risk, Audit and Performance Committee is requested to note the contents of this report and the assurance opinion, to inform its annual report and its review of financial statements, in particular the governance statement.

2 Annual Assurance Opinion

2.1 Basis of annual assurance opinion

In accordance with the Public Sector Internal Audit Standards, IA's assessment, and opinion over the framework of governance, risk management and control is based upon the whole activity and work of IA including:

- The results of internal audits completed (in final or draft) up to the date of this report.
- Any follow-up action taken in respect of audits from previous periods.
- The effects of any significant changes in the Board's control environment.
- Matters arising from previous annual reports to the Board.
- Any limitations that may have been placed on the scope of IA – IA has no restrictions to declare in this report, although IA has performed all audits remotely this year and some physical verification work has not been possible.
- Reports issued by the Board's external auditors.
- IA's knowledge of the Board and the Council's governance, risk management and performance monitoring arrangements.
- The assessment of risk completed during the formation of the 2023-26 Audit Plan.
- The results of other assurance activities completed during the year.
- The work of NHS Grampian's Internal Auditors covering those services that the Health Board leads on behalf of the IJB.

The Standards also require that IA confirms to the Committee, at least annually, that it is organisationally independent. The organisational independence of IA is established through Financial Regulations (approved by the Board and the Council) and the Internal Audit Charter (approved by the Audit Risk and Scrutiny Committee). Other factors which help ensure IA's independence are that: the IA plan is approved by the IJB Risk, Audit and Performance Committee; and IA reports its outputs to Committee in the name of the Chief Internal Auditor. The Chief Internal Auditor considers that IA is organisationally independent.

2.2 Annual assurance opinion 2022/23

IA is satisfied that sufficient audit and assurance work has been undertaken to allow a reasonable conclusion to be drawn as to the adequacy and effectiveness of the Board's framework for governance, risk management and control. Aberdeen City IJB had an adequate and effective framework for governance, risk management and control, covering the period 1 April 2022 to 31 March 2023.

2.3 Rationale for the opinion

It is the responsibility of management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. It is the

responsibility of the Chief Internal Auditor to provide an annual overall assessment of the robustness of the internal control system.

The main objectives of the Board's internal control systems are to:

- Ensure adherence to management policies and directives to achieve the organisation's objectives.
- Safeguard assets.
- Ensure the relevance, reliability, and integrity of information, so ensuring as far as possible the completeness and accuracy of records.
- Ensure compliance with statutory requirements.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Board is continually seeking to improve the effectiveness of its systems of internal control.

The Board has faced another year of challenges and its control framework and governance arrangements have come under sustained and significant pressure; primarily as it continued to adapt to the post-pandemic period and calls on services as a result of other external factors. Consideration has been given during the year to the impact on the level of assurance available and IA's work has been and remains cognisant of the risks to internal control from changes introduced in response to the pandemic and other external events.

During 2022/23, IA has completed four reviews across the IJB and Health and Social Care Partnership Services delivered by the Council. Due to delays and deferrals from previous years, this is an increase from approximately two to three reviews that are usually planned each year, however this provides an even greater evidence base upon which conclusions can be drawn on the framework of control for 2022/23.

The conclusions from the individual reports are listed below¹:

- **IJB Performance Management (IJB)** – Whilst data is generally accurate, available and being consolidated into reports and dashboards, which have been used to inform the IJB at regular intervals regarding the Partnership's response to the COVID-19 pandemic, this primary operational focus has meant there has been less oversight over other aspects of Strategic Plan delivery than planned.
- **Care Management (HSCP)** – 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.

¹ HSCP relates to those reviews of services that the Council delivers on behalf of the IJB. IJB relates to those services that the IJB delivery strategically or through various partners.

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.

- **Transformational Programme (IJB)** – Despite recruitment challenges and the impact of COVID-19, work is continuing to progress delivery of the IJB’s transformation agenda. The Aberdeen City Health and Social Care Partnership’s (ACH&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. 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.
- **IJB Data Sharing (IJB)** – The level of net risk is assessed as Moderate, with the control framework deemed to provide Reasonable assurance over the IJB’s approach to data sharing. 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. 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. 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.

Management has agreed to timebound actions based on the recommendations of IA, with some already implemented in year.

2.4 Areas of risk for future IA focus

In addition to the points above continuing to be areas of focus for the Board, in the year there will be significant new risk areas for us to consider. The specific risk and control areas in the upcoming year that IA intends to focus on to a greater degree include:

- IJB Hosted Services
- Care Management System
- Care Reform
- Other emerging risks identified during the year

2.5 Follow up of audit recommendations

Public Sector Internal Audit Standards require that IA reports 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.

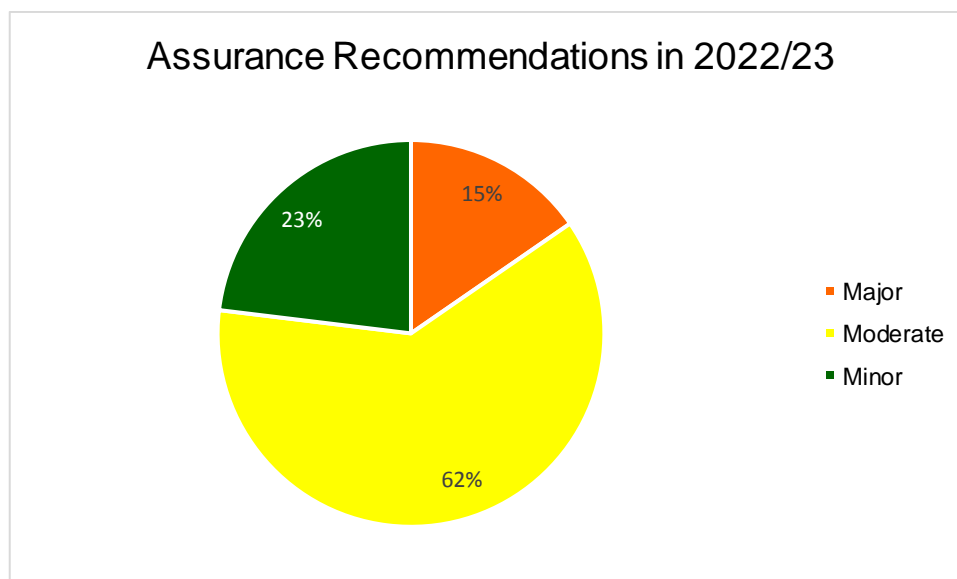
As at the 31 March 2023, 19 audit recommendations were open, all due in the future (either as the original planned date of implementation or through an agreed extension).

3 Audit Results

3.1 In year audit results

Across the year, irrespective of the period initially planned for the review, IA issued four audit reports. These reviews span the entire breadth of operations, touching on not just the IJB but the HSCP services delivered by Aberdeen City Council on behalf of the IJB.

Across the four audit reports issued, IA made 26 recommendations: four considered Major within the Audited area, 16 Moderate and six Minor.



3.1.1 Previous year reviews finalised in 2022/23

Service	Audit Area	Overall Rating ²
Council Led HSCP Services	Care Management	N/A
IJB	IJB Performance Management	N/A
IJB	Transformational Programme	N/A

3.1.2 2022/23 reviews finalised in year

Service	Audit Area	Overall Rating
IJB	IJB Data Sharing	Moderate

3.2 Post year end assurance

The information presented in the above tables and charts, concerning audit work and recommendations covers the period 1 April 2022 to 31 March 2023. However, consideration has been given to any work during the period till the issue of this report.

² Previous year reviews followed a historic methodology that did not include an overall assurance assessment or rating.

Since year end, IA progressed the final review of the year, Adults with Incapacity, and this is currently with Management for finalisation. The emerging findings from the draft report have been factored into the year-end opinion.

3.3 Counter Fraud

IA does not have a dedicated responsibility across the Board to lead on Counter Fraud activities, this instead within the remit of a separate inhouse team of Aberdeen City Council, with NHS Grampian utilising NHS counter fraud services. The potential for fraud is however considered as part of all reviews carried out by IA from a control framework perspective.

4 IA Performance

4.1 Quality assurance and improvement plan

The Public Sector Internal Audit Standards (PSIAS) require that the annual report must also include a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme (QAIP).

In previous reports IA has updated the Committee on work to address previously noted issues; the main driver for these being the internal quality assessment, any external quality assessments and recommendations made by External Audit.

IA is pleased to confirm an internal review of the control framework has concluded that IA fully conforms with PSIAS. An External Quality Assessment, which will test IA's fully compliant assessment, is underway currently.

At present there are no outstanding actions for IA to take forward.

Complete details of the QAIP (including KPIs) have been presented to the Audit, Risk and Scrutiny Committee as part of the Council's overall Annual Audit Report and Opinion.

4.2 Staffing

Throughout the year IA has had several changes to staffing and resources, including the recruitment of a new Chief Internal Auditor.

At present IA is operating with a 12.6 FTE, 0.4 FTE under budget.

5 Appendix 1 – Grading of Recommendations

Risk Level	Definition
Corporate	This issue / risk level impacts the Partnership 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 directorate.
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 Partnership's objectives or could impact the effectiveness or efficiency of the Partnership's activities or processes. Action is considered imperative to ensure that the Partnership is not exposed to severe risks and should be taken immediately.