



Risk, Audit and Performance Committee

Date of Meeting	2 April 2024
Report Title	Internal Audit Report – IJB Hosted Services
Report Number	AC2415
Lead Officer	Jamie Dale Chief Internal Auditor
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Consultation Checklist Completed	Yes
Directions Required	No
Exempt	No
Appendices	No
Terms of Reference	2. Review and approve the annual audit plans (internal and external) on behalf of the IJB, receiving reports, overseeing and reviewing actions taken on audit recommendations and escalating to the IJB as appropriate.

1. Purpose of the Report

- 1.1. The purpose of this report is to present the outcome from the planned audit of the Integration Joint Board (IJB) Hosted Services that was included in the Internal Audit Plan.

2. Recommendations

- 2.1. It is recommended that the Committee:

a) Review, discuss and comment on the issues raised in the report.

3. Strategic Plan Context

- 3.1. Internal Audit's role is to provide assurance regarding the adequacy and effectiveness of the Integration Joint Board's framework of governance, risk



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management and control. Each of these areas helps ensure that the IJB can deliver on all strategic priorities as identified in its strategic plan.

4. Summary of Key Information

Assurance Assessment

- 4.1. The level of net risk is assessed as **MODERATE**, with the control framework deemed to be providing **REASONABLE** assurance over the arrangements in place to monitor the performance of services hosted on its behalf. Whilst the report identifies a Major risk in respect of under-developed governance arrangements, the relative low level of expenditure in this area compared with the overall budget reduces its significance. However, this still concerns HSCP operations and finances. The risk areas identified impact negatively on the overall level of assurance and raise the requirement for action to strengthen the control framework.
- 4.2. The IJB's Integration Scheme sets out that the IJB should consider and agree hosting arrangements. With the exception of the transfer of one service to hosting in 2020, there has been no opportunity for the IJB to consider and agree the arrangements. The rationale needs to be reviewed and considered, and a pan-Grampian review of hosted services would be beneficial to demonstrate that hosting arrangements are the most effective method of service delivery to contribute to the integration and transformation of health and social care services.
- 4.3. There have been no opportunities for Aberdeen City IJB to consider strategy and policy in respect of services hosted by the other integration authorities. Whilst the aims of each IJB have similarities, without strategic coordination at the regional level there is a risk hosted services could diverge from Aberdeen City's objectives and impact other commitments (e.g. the scale and pace of transformation), and this may not be identified and mitigated sufficiently in advance.
- 4.4. Similar risks have been identified in respect of performance management, and financial planning and monitoring. These require further review to establish consistent and proportionate planning and reporting arrangements to provide assurance over delivery, transformation, and cost management. This will require formal agreement with host IJB's. The nature and detail of agreement necessary may vary depending on the materiality and risk level of the service delivered, however it is important to capture key elements of each arrangement, since control over planning and delivery of each service hosted on behalf of the IJB is limited and therefore risk is increased. Governance arrangements must be proportionate, but also provide the IJB



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with assurance that financial, strategic, operational, reputational, and other risks are adequately mitigated so that hosted services perform well and provide value for money.

- 4.5. A clear Grampian-wide framework for discussing and managing the performance of hosted services is required to ensure the IJB can be confident that services hosted on its behalf help deliver its intended strategic priorities. Overarching principles and improved systematic processes are needed to monitor hosted services' delivery and costs, to ensure service quality is appropriate, and transformation opportunities are identified.
- 4.6. It is acknowledged that the Aberdeen City Health and Social Care Partnership (ACHSCP) cannot address these matters alone. Collaboration with Aberdeenshire and Moray HSCP's and NHS Grampian will be required to obtain and provide consistent, proportionate, and relevant assurance. As the host IJB for the greatest proportion of hosted service budgets Aberdeen City is in an optimal position to lead on this approach.

Severe of major issues / risks

- 4.7. Issues and risks identified are categorised according to their impact on the Board. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating
1.3	<p>Governance Arrangements – There are currently no formalised arrangements for cross-IJB reporting on the delivery of hosted services. Whilst Aberdeen City IJB has sought to gather performance information for annual reporting, and is able to comprehensively report on the services it hosts on behalf of others, there are no clear and agreed governance and reporting arrangements across the board. It is recognised data may not be available in every hosted service.</p> <p>There is a risk that in the absence of suitable agreements and reporting lines the HSCP will not be aware if there are issues affecting operational delivery of services hosted on its behalf, and will not have sufficient opportunities to provide input to addressing such issues, resulting in impacts on delivery of its own strategic objectives. The Strategic Risk Register for the Aberdeen City IJB recognises this risk, and sets out mitigating actions including ongoing development of SLA's.</p>	Yes	Major



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Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating
	<p>Until governance arrangements to be applied for hosted services are agreed, there will be less clarity over the expectations, responsibilities, and standards which should be adhered to in each arrangement. This can cause difficulties e.g. the Service noted ACHSCP made an operational change to an element of the SOARS service which it hosts on behalf of the other IJBs, and due to the absence of defined delegations or an agreed change management procedure objections were received, since not all IJBs had approved the change prior to the changes in service delivery.</p> <p>The nature and detail of agreement necessary may vary depending on the significance of the service delivered, however it is important to capture key elements of each arrangement, since control over planning and delivery of each service hosted on behalf of the IJB is limited and therefore risk is increased.</p> <p>Any approach must be proportionate to the risk. Rationalising the number and distribution of hosted services may help in this respect, however there is currently an absence of assurance, and any review should not delay progress with determining a means of addressing this risk. In respect of lower-risk services, if a series of shared principles can be agreed supporting governance, delegations, and transparency, a level of mutual assurance could be provided between each IJB. Such principles could equally apply to higher-risk areas, but these may require further or more specific sources of assurance or risk mitigation to be determined. Governance arrangements must provide the IJB with assurance that financial, strategic, operational, reputational, and other risks are adequately mitigated so that hosted services perform well and provide value for money.</p>		

Management Response

- 4.8.** The absence of clear and agreed governance arrangements was recognised in 2021 and plans were made to address this however lack of capacity due to the ongoing response to the COVID-19 pandemic meant these were not fully progressed. We welcome the renewed focus that this report provides and are committed to delivering improved governance arrangements in respect of hosted services. We will devise a schedule that facilitates this around other priorities.

5. Implications for IJB

- 5.1.** Equalities, Fairer Scotland and Health Inequality – An equality impact assessment is not required because the reason for this report is for the



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RAPC to discuss, review and comment on the contents of and Internal Audit Report and there will be no differential impact, as a result of this report, on people with protected characteristics.

- 5.2. Financial – There are no direct implications arising from this report.
- 5.3. Workforce – There are no direct implications arising from this report.
- 5.4. Legal – There are no direct implications arising from this report.
- 5.5. Unpaid Carers – There are no direct implications arising from this report.
- 5.6. Information Governance – There are no direct implications arising from this report.
- 5.7. Environmental Impacts – There are no direct impacts arising from this report.
- 5.8. Sustainability – There are no direct impacts arising from this report.
- 5.9. Other – there are no other impacts arising from this report.

6. Management of Risk

- 6.1. **Identified risks(s):** The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the resultant report.
- 6.2. **Link to risks on strategic risk register:** The Internal Audit Plan, and this output report, is developed following consideration of the Aberdeen City Health and Social care Partnership Risk Register and through consultation with management.
- 6.3. **How might the content of this report impact or mitigate these risks:** Where risks are identified during the Internal Audit process, recommendations are made to management in order to mitigate these risks.