



Aberdeen City Health & Social Care Partnership
A caring partnership



Internal Audit

Annual Assurance Report and Chief Internal Auditor Opinion 2023/24

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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 it, 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 2023/24, drawing out key lessons to be learned.
- An account of the assurance activities and resources of IA during the period 2023/24.

This report covers the period from 1 April 2023 to 31 March 2024 and any work finalised during the 2023/24 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 2023 to 31 March 2024.

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.
- 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 2024-27 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 Council's 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 2023/24

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 2023 to 31 March 2024.

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, calls on services as a result of other external factors and strain on resources, specifically financial. 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 2023/24, IA has completed four reviews across the IJB and Health and Social Care Partnership Services delivered by the Council.

The conclusions from the individual reports are listed below¹:

- **Adults with Incapacity (HSCP)** – Areas of controls are in development but have yet to be fully implemented. Efficiency is partly affected by ongoing development following the introduction of a new care management recording system – with specific service areas still identifying what needs to be recorded in the system. Procedures in respect of appointeeship, access to funds, financial guardianship and intervention are out of date and there is no evidence of review to ensure they are relevant and tried and tested for sufficiency. Reliance is largely placed on legislation and other high-level guidance, rather than locally relevant procedures and training. As a result, inconsistent practice was identified during the audit.
- **Care Management System (HSCP)** – Governance, risk management and control measures were sufficiently robust and fit for purpose, across areas such as System Maintenance and Development, Procurement, and Business Continuity and Disaster Recovery. However, the review identified some areas of weakness where enhancements could be made to strengthen the framework of control, specifically: Written Procedures and Training Access, and Interfaces.

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 delivers strategically or through various partners.

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- **Complaints Handling (IJB)** – The following governance, risk management and control measures were generally fit for purpose: Governance Arrangements, Written Procedures, Guidance, and Training, Complaint Handling, and Annual Performance Reporting. However, the review identified some areas of weakness where enhancements could be made to strengthen the framework of control, specifically: Early Resolution, Management Monitoring, Public Reporting, and System Data and Dashboard Reporting.
 - **Hosted Services (IJB)** – 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.

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:

- Budget Setting and Monitoring
- Counter Fraud
- HSCP Commissioning
- Other emerging risks identified during the year

2.5 Follow up of audit recommendations

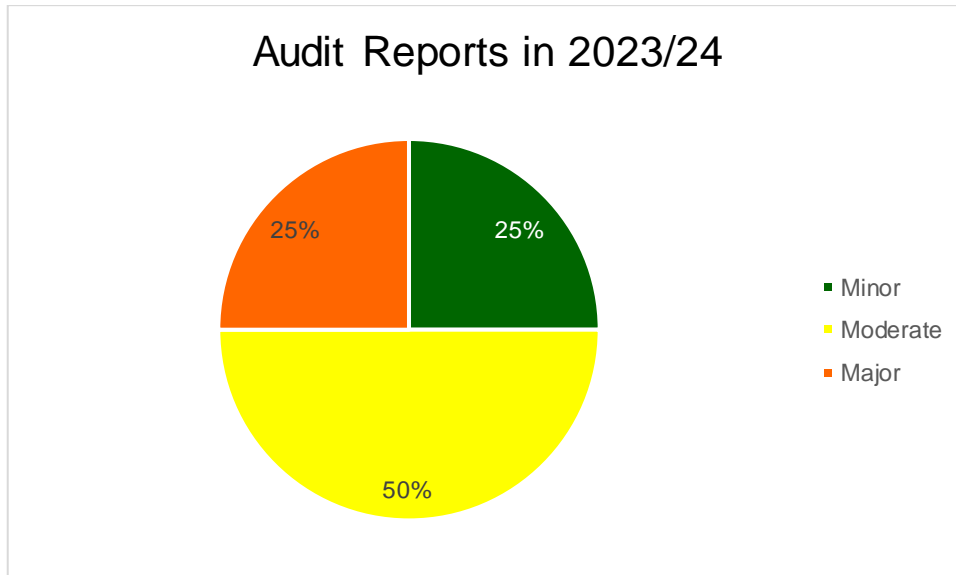
Public Sector Internal Audit Standards require that IA reports the results of its activities to the Committee and establishes a follow-up process to monitor and ensure that management actions have been effectively implemented.

As at the 31 March 2024, 29 audit recommendations were open (31 March 2023: 19), 26 due in the future (either as the original planned date of implementation or through an agreed extension). For the three due as at year end, these have been followed up with Management and updates provided as part of standard Committee reporting.

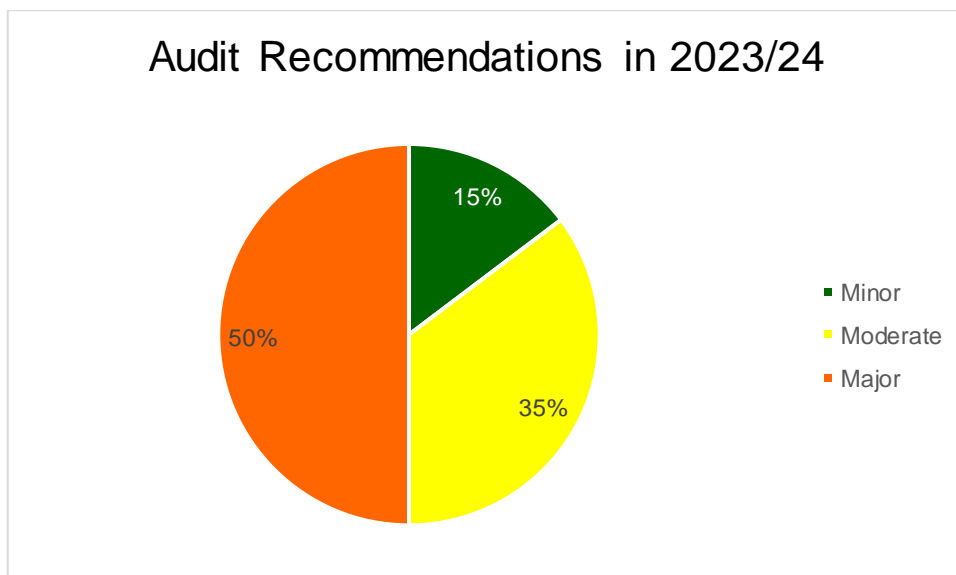
3 Audit Results

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 34 recommendations: 17 rated Major, 12 Moderate and five Minor.



3.1.1 Previous year reviews finalised in 2023/24

Service	Audit Area	Overall Rating
Council Led HSCP Services	Adults with Incapacity	Major

3.1.2 2023/4 reviews finalised in year

Service	Audit Area	Overall Rating
Council Led HSCP Services	Care Management System	Minor
IJB	IJB Complaints Handling	Moderate
IJB	IJB Hosed Services	Moderate

3.2 Post year end assurance

The information presented in the above table, concerning audit work, covers the period 1 April 2023 to 31 March 2024. However, consideration has been given to any work during the period until the issue of this report. Since year end, IA progressed the final review of the year, Social Care Financial Assessments, and this is currently being worked through 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, instead this is within the remit of a separate in-house 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 was reported to the Aberdeen City Council Audit, Risk and Scrutiny Committee in 2023 also confirmed this assessment.

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 two new auditors.

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.