

Bon Accord Care

Sector	Health and Social Care
Level of ACC Control/Influence	ACC is the sole shareholder of both Bon Accord Care Ltd and Bon Accord Support Services Ltd
ACC Funding 2017-18	£26.3m
Service Designate	Aberdeen City Health and Social Care Partnership

The Hub requested assurance in the following areas:-

1. Governance Assurance Received

1.1 Recent changes made to Constitutional Documents – Bon Accord Care (BAC) confirmed that no constitutional changes had been made in the past 12 months.

1.2 Methods used to review Board competencies and identify skills gaps - Membership of the BAC Board has remained the same since inception. A training plan is currently under development which will cover:-

- Finance
- Social Care
- Occupational Therapy and service delivery
- Social Housing and Local Government
- Independent Boards
- Operating in the commercial sector
- Operating in the third sector
- Operating in the public sector

1.3 Composition of the Board and gender representation – The BAC Board is comprised of seven members: five men and two women.

1.4 Council representation at Board meetings – BAC advised that a Health and Social Care Partnership officer nominated by the Chief Finance Officer is eligible to attend BAC Board meetings and receive Board papers.

1.5 Transparency of Board decision making – Board meetings are not held in public and agendas are not publically available. BAC noted that information can be requested by the public through the accessibility section of their website.

Governance Assessment - The Hub noted that membership of the BAC Board had not changed since inception and BAC's Service Lead (Alex Stephen, Chief Finance Officer, ACHSCP) advised that the Board had an appropriate balance of local and professional members with the right mix of expertise. Based on the assurance provided, the Hub was satisfied that BAC's governance arrangements posed a **low risk** to the Council.

2. Risk Management Assurance Received

2.1 Risk management strategy or policy – BAC submitted a copy of their Risk Management Policy.

2.2 Maintenance of risk register and identification of biggest risks - BAC submitted their risk register as at 24 October 2017.

2.3 Mitigation of risk – BAC noted that the risk register outlined their approach towards the mitigation of risk and documented controls in place for each risk. BAC also attached a Board report to demonstrate how the Board would take account of risk implications.

2.4 Business continuity planning – BAC provided a copy of their Business Continuity Plan.

2.5 How the Board receives assurance on the organisation's management of risk – BAC advised that risk was a standing item on the Board agenda which the Managing Director reported on. BAC explained that a Risk Management Committee had been established which monitored the risk register and the company's management of risk. BAC confirmed that members of the Committee had a broad range of skills, knowledge and experience to scrutinise the management of risk and provide assurance to the Board.

Risk Management Assessment – The Hub noted that a risk strategy was in place which would provide a good framework for risk management but highlighted that further links should be made within the Strategy to items on the risk register. Following the meeting, BAC confirmed that PESTLE and SWOT analyses completed within the Strategic Plan were reflected within the Risk Register. Officers welcomed the development of a Business Continuity Plan and agreed to request further detail on testing and how it would work in practice at a future meeting.

Overall the Hub agreed that BAC was moving in the right direction and therefore assessed BAC to be **low risk** in this area.

3. Financial Management Assurance Received

- 3.1 Quarterly management trading accounts** – BAC provided a copy of their latest Management Trading Accounts which had been presented to the BAC Board.
- 3.2 Annual audited accounts** - BAC provided a copy of their annual audited accounts and letter of representation which had been prepared by Johnston Carmichael LLP.
- 3.3 Financial procedures and scheme of delegation** – BAC provided a copy of their Financial Procedures policy.
- 3.4 Discussion of financial management and performance at Board level** – BAC provided copies of Board papers and minutes which outlined the process they had adopted for informing the Board of risk and how financial implications were taken into account to inform decision making.
- 3.5 Business Planning** – BAC provided a copy of their Strategic Plan.
- 3.6 Internal Audit** – BAC adhere to the International Organisation for Standardisation ISO9001 processes for their internal audit function. These processes are based on seven quality management principles which are:-
- Customer focus
 - Leadership
 - Engagement of people
 - Process approach
 - Improvement
 - Evidence based decision making
 - Relationship management
- 3.7 External Audit** - BAC's external auditors are Johnston Carmichael LLP and they audit their annual accounts. BAC are also monitored externally by industry regulators such as the Care Inspectorate; and by bodies such as the Scottish Fire and Rescue Service and the Environmental Health Officer.

Financial Management Assessment – The Hub agreed that management trading accounts and audited annual accounts were in a satisfactory format and noted that the negative reserves position was due entirely to the pension fund IFRS adjustments, and that there was no cash flow issue. The Hub noted that BAC financial reports to the Board provided information on financial implications but recommended that all Board reports include a financial implications section with the Board Report Template to inform decision making. The Hub was satisfied that BAC's business planning had included plans to incorporate annual reductions in core funding.

Officers took account of an Internal Audit recommendation from 9 March 2016 that ALEOs should require to have an internal audit service in place and noted that BAC was in the process of applying for ISO9001 accreditation which accepted peer review as a satisfactory way of providing an internal audit function. The Hub also recognised that BAC was subject to extensive external audit; regulatory and inspection requirements. Following consideration, the Hub agreed that it would be prudent to request more information from BAC on how they conduct peer reviews as part of their internal audit arrangements and whether they had plans to develop an Internal Audit Needs Assessment which would adhere to best practice. Overall the Hub assessed BAC's financial management to be **low-medium risk**.

- 4. Future Oversight Arrangements** - The Hub took the view that BAC had presented assurance that provided evidence of good understanding and compliance although limited detail at this stage had been provided in areas of risk management and the internal audit arrangements. The Hub also considered the level of annual funding BAC received from the Council via the Aberdeen City Health and Social Care Partnership; the Council's position as the sole shareholder in the company; and BAC's position within Group Accounts. Following which, the Hub agreed that BAC was a **low-medium risk** to the Council and will request BAC to report to the Hub's next meeting February 2018. The Hub agreed to tailor its oversight at this meeting to receive further assurance on risk management and internal audit arrangements.

Assurance Standard	Risk Rating
Unambiguous responses demonstrating clear understanding and comprehensive ability to fulfil ACC requirements, giving full detail as how these are achieved.	Very Low
Responses provide evidence of good understanding and compliance although limited detail provided for some areas.	Low
Responses provide some indication of understanding and compliance.	Medium
Minimal or poor responses providing little evidence of understanding or compliance.	High
Nil or inadequate responses with little or no understanding of requirement or evidence of compliance.	Very High