



IJB AUDIT COMMITTEE

FRIDAY, 3 MAY 2024 AT 2.00 PM

Your attendance is requested at a meeting of the IJB AUDIT COMMITTEE to be held in Virtual Meeting - Teams (with virtual attendance), on FRIDAY, 3 MAY 2024, at 2.00 pm

This meeting will be live streamed and a recording of the public part of the meeting will be made publicly available at a later date.

Thursday, 25 April 2024

Pamela Milliken, Chief Officer
Aberdeenshire Health and Social
Care Partnership

To: Councillor S Logan (Chair), Ms J Duncan (Vice Chair), Councillor G Lang,
Mr D Hekelaar and Ms I Kirk
Vacancy – NHS Member

Contact Person:-

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B U S I N E S S

1. Sederunt and Declaration of Members' Interests
- (A) Public Sector Equality Duty
Consider, and if so desired, adopt the following resolution:-
 - (1) to have due regard to the need to:-
 - (a) eliminate discrimination, harassment and victimisation;
 - (b) advance equality of opportunity between those who share a protected characteristic and persons who do not share it; and
 - (c) foster good relations between those who share a protected characteristic and persons who do not share it.
 - (2) where an Integrated Impact Assessment is provided, to consider its contents and take those into account when reaching a decision.
3. Minute of the Meeting of IJB Audit Committee of 21 February 2024 3 - 7
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Date of Next Meeting - 26 June 2024 at 2.30pm

ABERDEENSHIRE INTEGRATION JOINT BOARD

IJB AUDIT COMMITTEE

VIRTUAL MEETING - TEAMS, WEDNESDAY, 21ST FEBRUARY, 2024

Audit Committee Members:

Ms J Duncan (Chair), Councillor S Logan (Vice-Chair), Councillor G Lang, Ms I Kirk and Mr D Hekelaar.

Officers: Ms P Milliken, Chief Officer, Aberdeenshire Health and Social Care Partnership; Mr C Smith, Chief Finance and Business Officer; Mr J Dale, Chief Internal Auditor; and Ms A McLeod, Committee Officer.

Also in attendance: Ms A Pieri, Grant Thornton (External Auditor).

1 Declaration of Members' Interests

The Chair asked Members if they had any interests to declare, in terms of the Councillors' Code of Conduct. There were no declarations of interest.

2 Public Sector Equality Duty

In taking decisions on the undernoted items of business, the Committee **agreed**, in terms of Section 149 of the Equality Act 2010:-

- (1) To have due regard to the need to:-
 - (a) eliminate discrimination, harassment and victimisation;
 - (b) advance equality and opportunity between those who share a protected characteristic and persons who do not share it; and
 - (c) foster good relations between those who share a protected characteristic and persons who do not share it, and
- (2) to consider, where an Integrated Impact Assessment has been provided, its contents and to take those into consideration when reaching a decision.

3 Minute of the Meeting of 24 January, 2024

On consideration of the circulated Minute of Meeting of the Committee of 24 January, 2024, Members **agreed** to approve it as a correct record.

4 Action Log

There had been circulated a report by the Chief Finance and Business Officer providing an update on actions which had been agreed at previous meetings of the Committee. The Chief Finance provided information in respect of outstanding actions on:

- Integration Joint Board Risk Assurance Group Update – report to be presented to April 2024 meeting of IJB Audit Committee on completion of review of all Grous assurance within the IJB framework.
- Audit Committee Governance – Terms of Reference and Development of Assurance Framework – report to be presented to April 2024 meeting of IJB Audit Committee in line with other Groups within the IJB framework.

Thereafter, the Committee **agreed** to note the position in respect of the matters detailed within the report.

5 Business Planner

There had been circulated a report dated 9 February, 2024 by the Chief Finance and Business Officer, which provided a forward view of the workplan of the Committee.

The Chief Finance and Business Officer introduced the report and highlighted areas of work which were scheduled throughout the year and any relevant updates.

The Committee **agreed** to note the draft business planner for the Committee.

6 Internal Audit Update Report

There had been circulated a report dated 8 February, 2024 by the Chief Internal Auditor which provided an update on Internal Audit's work. Details were provided of the progress against the approved Internal Audit plans, audit recommendations follow up, and other relevant matters for the Committee to be aware of.

The report reminded Members that Internal Audit's primary role was to provide independent and objective assurance on the Board's risk management, control and governance processes. This required a continuous rolling review and appraisal of the internal controls of the Board, and the Council overall, involving the examination and evaluation of the adequacy of systems of risk management, control and governance, making recommendations for improvement where appropriate. Reports were produced relating to each audit assignment and summaries of these were provided to the Audit Committee.

The purpose of the report was to provide the Committee with an update on Internal Audit's work since the last update. Details were provided of the progress against the approved Internal Audit plans, audit recommendations follow up, and other relevant matters for the Committee to be aware of. The full update report was included as an appendix to the report.

Having heard from the Chief Internal Auditor, the Committee **agreed** to:-

- (1) note the progress on the Internal Audit Plan; and
- (2) agree the progress that management has made with implementing recommendations agreed in Internal Audit reports.

7 Internal Audit Plan 2024 - 2027

There had been circulated a report dated 8 February 2024 by the Chief Internal Auditor which presented the draft Internal Audit Plan for 2024-2027 for discussion and approval. The report explained that it was one of the duties of the IJB Audit Committee to review the activities of the Internal Audit function, including its work programme.

The Chief Internal Auditor presented the Internal Audit Plan for the period 2024-2027 and advised that the plan would be reassessed each year to ensure a three year rolling programme of work was in place. He considered that the Plan addressed the core functions of assurance and would also add value to the Board.

During discussion, the Chief Internal Auditor responded to Members' question and confirmed that there was flexibility built into the Plan to deal with further issues that may arise and a contingency element was available to ensure there was capacity to support and allow for further items to be brought forward. In addition, the range of work across the Plan and the knowledge that the IJB was working closely with neighbouring IJBs allowed for sharing of knowledge and learning.

Thereafter, the Committee **agreed** to approve the 2024-2027 Internal Audit Plan.

8 Risk Assurance Group and Risk Register Update

There had been circulated a report by the Service and Development Manager, which provided an update on the status of risks on the IJB and strategic risk register and provided information on the work of the Risk and Assurance Group.

The Chief Finance and Business Officer introduced the report and highlighted key points, including an update from the Risk and Assurance Group and noted that the Strategic Planning Group would have a role in terms of risk assurance going forward and would feed into the Risk and Assurance Group where there were any issues in terms of strategic risks. He also advised that a copy of the Risk Register had been circulated to Members for their information. He highlighted details of a number of reviews which had been considered at the last meeting of the Risk Assurance Group, including one on the risk of return of GP contracts to Health and Social Care Partnerships and one on the issue of resource for the Buchan Health Visiting Team, which was recognised as a long standing risk. He concluded by advising that an internal audit on asset management was ongoing and an update would be provided to the next meeting of the IJB Audit Committee on progress.

During discussion, there was comment on the need to continue to monitor closely the risks identified within the report, in particular the risk of failure to deliver standards of care expected by the people of Aberdeenshire. In addition, there was a need to ensure that communications around expectations would need to reflect that there would not be the same delivery going forward, due to significant budgetary constraints.

Thereafter, the Committee **agreed** to:

- (1) note the update on the status of risks on the IJB and strategic Risk Register;
- (2) note the Risk Register as at January 2024, recognising that it is a live document;

- (3) note that non-clinical/care resource risks, both strategic and operational are reviewed by the Risk and Assurance Group;
- (4) note that clinical and care risks are reviewed by the Clinical and Adult Social Work Governance Group on behalf of the Clinical and Adult Social Work Governance Committee; and
- (5) note the work of the Risk and Assurance Group.

9 Annual Accounts Update 2022- 2023

There had been circulated a report dated 9 February 2024 by the Chief Finance and Business Officer which asked the Committee to agree the management response to the External Audit Annual Report Action Plan relating to the Financial Statements, Wider Scope and Best Value, referred to in Appendix 1 to the report.

The Chief Finance and Business Officer introduced the report and highlighted the five recommendations that had been contained within the External Auditor's Annual Report, two relating to the Financial Statements Audit and three to the Wider Scope and Best Value. These recommendations had been considered by Officers and a detailed action plan had been developed to address the recommendations, with management responses and implementation dates provided. He noted that the information would be incorporated into the IJB annual report for 2022-23.

After discussion, the Audit Committee **agreed** the management response to the External Audit Annual Report Action Plan relating to the Financial Statements, Wider Scope and Best Value per section 2.5 and as referred to in Appendix 1 to the report.

10 Updates from Other Audit Committees

There had been circulated a report dated 9 February 2024 by the Chief Finance and Business Officer which provided information on relevant issues which were being considered by other local Audit Committees to provide an awareness of relevant audit issues which may have implications for Aberdeenshire IJB.

The Chief Finance and Business Officer introduced the report, which provided an update on the recent meetings of the Audit Committees of NHS Grampian and Aberdeen City IJB and gave a summary of issues which had been under consideration by those committees.

There was discussion of the membership make up of the NHS Grampian Audit Committee, which comprised 5 Non Executive members, the NHS Grampian Chair, the CEO, Director of Finance, Chief Internal Auditor and the External Auditor. There was also a recognition of the benefits of having an oversight of the work being undertaken by the other partners in terms of benchmarking and flagging any potential implications for the Aberdeenshire Health and Social Care Partnership. It was noted that in terms of vacancy management there was some integrated work ongoing and information on the outcome of this would be welcomed in due course.

After discussion, the Committee agreed to **note** the relevant items that had been under consideration by other local Audit Committees and to **note** the implications for Aberdeenshire IJB.

11 Updates from Audit Scotland Reports

There had been circulated a report dated 9 February, 2024 by the Chief Finance and Business Officer, which provided an update on recent publications from Audit Scotland, including (1) 'How the Accounts Commission holds Local Government to account', (2) a Local Government in Scotland Financial Bulletin 2022/23, and (3) an IJB finance and performance report 2024 detailing how effectively are IJBs responding to current challenges in the health and social care sector.

The Chief Finance and Business Officer provided a high level summary of the reports and highlighted key issues arising from the reports.

There was discussion of the importance of the role of Internal Audit in terms of helping the IJB to identify areas to consider in order to seek best value and where to achieve recurring savings and to tackle the elimination of waste. In addition, the need to look at the redesigning of existing processes, through transformation, to ensure the most effective use of budgets.

After discussion, the Committee agreed to **note** the details of the publications contained within the report with reference to those matters of relevance to Aberdeenshire IJB.

ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE ACTION LOG – 3 MAY 2024

Meeting when Discussed	Item Title	Decision	Action/Owner	Target Date for IJB	Update
1 March 2023	Integration Joint Board Risk Assurance Group Update	Instruct Chief Finance Officer to Add to the agenda for a proposed development session on risk assurance and scrutiny.	Chief Finance & Business Officer	April 2024	Undertaken in Sep-23 as part of overall Committees review of risk assurance and scrutiny. Report back to IJB Audit Committee in January 2024 with outcome, updated to February 2024. Report to be presented to April 2024 Committee on completion of review of all Groups assurance within the IJB framework. Update – on agenda
5 July 2023	Audit Committee Governance – Terms of Reference	Agree to initiate a review of the Audit Committee Terms of Reference	Chief Officer	April 2024	Report to be presented to IJB Audit Committee in January 2024 addressing the areas of Terms of Reference. Report to be presented to April 2024 Committee on Terms of Reference of the IJB Audit Committee in line with other Groups within the IJB framework. Update – on agenda

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 3 MAY 2024

AUDIT COMMITTEE BUSINESS PLANNER

1 Recommendation

1.1 The Committee is recommended to review and comment on the draft business planner for the Committee.

2 Background / Discussion

2.1 At the Audit Committee meeting of 9th December 2020 the Committee agreed to the adoption of a business planner. The business planner provides a forward look to the work plan of the Committee.

2.2 The Committee agreed that the business planner should be reviewed at each meeting of the Committee and updated on a rolling basis after each meeting.

2.3 The workplan contained in the business planner covers:

- Standing Items (Action Log, Business Planner, Internal Audit update).
- Items that need to be considered at a particular point in the year (e.g., Annual Accounts review and approval, External Audit report).
- One off items that can be scheduled at any point in the year (e.g., relevant national reports, review of remit, review of risk register).

There is still sufficient flexibility in the forward workplan for the Committee to include any specific reviews or ad hoc pieces of work that may be instructed.

3 Equalities, Staffing and Financial Implications

3.1 An equality impact assessment is not required because the reason for this report is for the Committee to agree its own business planner.

3.2 There are no staffing and financial implications arising as a direct result of this report.

Chris Smith
Chief Finance and Business Officer
23 April 2024

Appendix 1 - Business Planner

Appendix 1

AUDIT COMMITTEE BUSINESS PLANNER

The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.

Date Created	Report Title	Minute Reference/Committee Decision or Purpose of Report	Report Number	Report Author	Lead Officer / Business Area	Update/ Status (RAG)
26 June 2024						
Standing Item	Review of Action Log	Follow Up on Previous Actions		Chris Smith	Chief Finance and Business Officer	
Standing Item	Business Planner	Review of Business Planner		Chris Smith	Chief Finance and Business Officer	
	Internal Audit Report	Consideration of Completed Internal Audit Reports & Overdue Recommendations		Jamie Dale	Chief Internal Auditor	
	Internal Audit Annual Report	Annual Report from Chief Internal Auditor		Jamie Dale	Chief Internal Auditor	
	Progress Report on the 2023/24 External Audit	Update on External Audit for 2023/24		External Audit Manager	External Audit	
	Annual Governance Statement 2023/24	Review and agreement of Annual Governance Statement		Chris Smith	Chief Finance and Business Officer	
	Unaudited Annual Accounts for 2023/24	Review of Unaudited Annual Accounts		Chris Smith	Chief Finance and Business Officer	
	IJB Risk Assurance Group Update	To update the Committee on the work of the IJB Risk Assurance Group		Lynn Boyd	Service & Development Manager	

	Update from Other Audit Committees	To provide the Committee with details of any relevant items covered by other local Audit Committees.		Chris Smith	Chief Finance and Business Officer	
	Review of relevant Audit Scotland reports	Good practice to see national position		Chris Smith	Chief Finance and Business Officer	
October 2024 – DATE TO BE CONFIRMED						
Standing Item	Review of Action Log	Follow Up on Previous Actions		Chris Smith	Chief Finance and Business Officer	
Standing Item	Business Planner	Review of Business Planner		Chris Smith	Chief Finance and Business Officer	
	Internal Audit Report	Consideration of Completed Internal Audit Reports & Overdue Recommendations		Jamie Dale	Chief Internal Auditor	
	Audited Annual Accounts	Review and sign off the Annual Accounts for 2023/24		Chris Smith	Chief Finance and Business Officer	
	Report by the External Auditor	Consideration of External Audit Report		External Audit Manager	External Audit	
	IJB Risk Assurance Group Update	To update the Committee on the work of the IJB Risk Assurance Group		Lynn Boyd	Service & Development Manager	
	Update from Other Audit Committees	To provide the Committee with details of any relevant items covered by other local Audit Committees.		Chris Smith	Chief Finance and Business Officer	
	Review of relevant Audit Scotland reports	Good practice to see national position		Chris Smith	Chief Finance and Business Officer	
November/December 2024 – DATE AND AGENDA TO BE CONFIRMED						

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 3 MAY 2024

INTERNAL AUDIT UPDATE REPORT

1 Executive Summary/Recommendations

- 1.1 Internal Audit's primary role is to provide independent and objective assurance on the Board's risk management, control and governance processes. This requires a continuous rolling review and appraisal of the internal controls of the Board, and the Council overall, 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 summaries of these are provided to the IJB Audit Committee.
- 1.2 The purpose of this report is to provide the Committee with an update on Internal Audit's work since the last update. Details are provided of the progress against the approved Internal Audit plans, audit recommendations follow up, and other relevant matters for the Committee to be aware of.

1.3 Recommendation

The Committee is recommended to:

- 1.3.1 Comment on and agree the progress of the Internal Audit Plan;**
- 1.3.2 Comment on and agree the progress that management has made with implementing recommendations agreed in Internal Audit reports.**

2 Decision Making Route

- 2.1 The report comes to each session of the Committee and has not been considered by this or another Committee previously.

3 Discussion

- 3.1 This report is designed to provide an update to the IJB Audit Committee on the work of Internal Audit since our last update to the Committee.

4 Discussion

- 4.1 The Chief Officer of the Health and Social Care Partnership has been consulted in the preparation of this report and any comments received have been incorporated.

5 Equalities, Staffing and Financial Implications

- 5.1 An equality impact assessment is not required because the recommended actions are not considered to have a differential impact on people with protected characteristics.
- 5.2 Any staffing and financial implications arising directly as a result of this report are narrated in the report.

CHIEF INTERNAL AUDITOR

Report prepared by Jamie Dale, Chief Internal Auditor
22 April 2024

List of Appendices

Appendix A – IJB Audit Committee - Internal Audit Update Report – May



Aberdeenshire
Health & Social Care
Partnership

APPENDIX A

Internal Audit

IJB Audit Committee Internal Audit Update Report May 2024

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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 Integration 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 IJB Audit 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 IJB Audit Committee of Internal Audit's work since the last update. Details are provided of the progress against the approved 2023/24 Internal Audit Plan, 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 the Committee's attention that since the last update:

- Work is underway with delivery of the 2023/24 Internal Audit Plan.
- Work is underway by Management to close off the outstanding audit recommendations.

1.3 Action requested of the IJB Audit Committee

The IJB Audit Committee is requested to note the contents of this report and the work of Internal Audit since the last audit.

2 Internal Audit Progress

2.1 2023/24 Audits

Service	Audit Area	Position
Council Led HSCP Services	Self-Directed Support Payments	Final Report Issued
Council Led HSCP Services	Social Care Commissioning – Support at Home	Final Report Issued
IJB	IJB Asset Management	Review In Progress

2.2 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.

As at the 31 March 2024, four audit recommendations were open (either as the original planned date of implementation or through an agreed extension).

As part of the audit recommendations follow up exercise, Management closed two recommendations and provided an update for another but no response was received for the remaining action. Section 4 – Audit Recommendations Follow Up – Outstanding Actions Provides details of the individual recommendations.

Section 3 Grading of Recommendations provides the definitions of each of the ratings used.

3 Grading of Recommendations

Risk Level	Definition
Strategic	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Directorate	This issue / risk level has implications at the directorate 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.
Service	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Head of Service.
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 Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

4 Audit Recommendations Follow Up – Outstanding Actions

Report	Ref	Recommendation	Grading	Original Due Date	Current Due Date	Committee Update	Status
1924 - Budget Setting, Monitoring & Financial Reporting	2.1.5	The Partnership should document procedures setting out the requirements of and controls which govern its budget setting, monitoring, and reporting processes.	Moderate	Mar-24	Jun-24	Management met with Internal Audit in April and provided an update on their work to develop operational procedures. Extension required to allow for completion.	In Progress
2230 - Elderly Residential Care	2.3.7	The Service should ensure contracts are in place and included in the contracts register for all relevant expenditure.	Moderate	Mar-24	Mar-24	No update provided.	No Update Provided

REPORT TO THE ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 3 MAY 2024

INTERNAL AUDIT REPORTS

1 Executive Summary/Recommendations

1.1 The purpose of this report is to advise the Committee of the outcomes of completed audits. Public Sector Internal Audit Standards require the Internal Audit report the results of its activities to the Board. In Aberdeenshire IJB, this is the Audit Committee. This report helps satisfy the requirement.

1.2 Recommendation

The Committee is recommended to:

1.2.1 Review, discuss and comment on the issues raised within this report and the attached appendices.

2 Decision Making Route

2.1 The results from individual audit activities detailed in Section 4, below, have not previously been considered by this, or another Committee. Following consideration by this Committee, the individual audit reports relating to Adult Social Care will be presented to the Aberdeenshire Council Audit Committee.

3 Discussion

Internal Audit Reports

3.1 The following Internal Audit reports have been finalised and agreed with services since the Audit Committee's last meeting:

- **Internal Audit Report 2420 – Self-Directed Support (SDS) – April 2024 – See Appendix A**
- **Internal Audit Report 2424 – Social Care Commissioning – April 2024 – See Appendix B**

4 Discussion

4.1 The Chief Officer of the Health and Social Care Partnership has been consulted in the preparation of this report and any comments received have been incorporated.

5 Equalities, Staffing and Financial Implications

- 5.1 An equality impact assessment is not required because the recommended actions are not considered to have a differential impact on people with protected characteristics.
- 5.2 Any staffing and financial implications arising directly as a result of this report are narrated in the report.

CHIEF INTERNAL AUDITOR

Report prepared by Jamie Dale, Chief Internal Auditor
22 April 2024

List of Appendices

Appendix A – Internal Audit Report 2420 – Self-Directed Support (SDS)

Appendix B – Internal Audit Report 2424 – Social Care Commissioning

Appendix C – Grading of Recommendations

Appendix A

Internal Audit Report 2420 – Self-Directed Support (SDS)

Overall opinion

Net Risk Rating	Description	Assurance Assessment
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

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Service	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Head of Service.

Assurance assessment

The level of net risk is assessed as **MAJOR**, with control framework deemed to provide **LIMITED** assurance over the Council's Self-Directed Support (SDS) arrangements.

Under the Social Care (Self-Directed Support) (Scotland) Act 2013, service users assessed as needing non-residential care or support must be offered the following Self-Directed Support options:

- **Option 1** – The service user can choose how their budget is used and the service user (or representative) manages the budget (also known as a Direct Payment).
- **Option 2** – The service user can choose how their budget is used but the budget is managed by a third-party provider (usually an Individual Service Fund (ISF)).
- **Option 3** – The service user requests the Council to choose and arrange their services.
- **Option 4** – A mix of the above.

In 2022/23, £10.9m was provided to 860 service users or their representatives under Self Directed Support Options 1 and 2 (including those within an Option 4). Whilst this audit covers Option 3 in relation to the overall SDS budget position and reviews of care packages, its focus is Option 1 and 2 care packages, with Internal Audit report 2424 Social Care Commissioning – Support at Home covering Option 3 Support at Home care packages in more detail.

Practitioners assess in consultation with the client and other professionals the care a client requires. This results in a support plan being developed and costed. Due to the complex nature of the assessment of clients' needs and the professional knowledge of qualified practitioners undertaking the assessment, Internal Audit placed reliance

on the assessment process and the Service's internal checking procedures in arriving at the care package best suited for each client. In addition, client contributions towards chargeable care were excluded since these were covered as part of the stand-alone review of financial assessments in Internal Audit report 2119.

Reasonable assurance has been taken over the following aspects of the Council's self-directed support process.

- **Supported Persons Agreement** – A signed supported persons agreement, detailing the responsibilities placed upon clients while receiving SDS through option 1, or option 2, or these same options via option 4, was in place for 30 care packages reviewed.
- **Payment Accuracy** – Weekly payments recorded in the CareFirst System agreed to those reported to the Health and Social Care Partnership (HSCP) Finance team for input to the system by practitioners (via a Financial Instruction Spreadsheet) for Option 1 and 2 care packages as well as agreeing to what was actually paid through the Council's creditors system.

However, the review identified some areas of weakness where enhancements could be made to strengthen the framework of control, specifically:

- **Care and Finance Reviews** – Practitioner operational guidance indicates a client should receive a six-week review after receiving a new or materially changed care package and then at least annually thereafter to evaluate the effectiveness of the plan against the outcomes identified, review the options choice, and identify where changes are required. A separate review by the Social Work Finance Team of the use of the payment card account by the client or the ISF acting on their behalf, and any excess balances, should also take place a minimum of annually, as well as a review of any additional 'off-off cost' payments included in care packages to verify if these should continue. Such reviews should be diarised and recorded in the CareFirst System. An extract from the CareFirst System found 1,621 overdue reviews (1,329 (82%) practitioner reviews, 292 (18%) Finance team reviews) for all SDS Option care package types. Overdue reviews across all Option types varied between a month and just over four years overdue. Failure to carry out regular reviews could result in clients receiving incorrect care provision and could result in extra unnecessary costs to the Council, excess account balances not being reclaimed timeously, and subsequent inappropriate payments by clients / their guardians.
- **Delegated Authority** – Practitioners self-approve care packages up to a value of £375 per week (pw) with any care packages above this requiring approval by Team Managers, Location Managers or Partnership Managers/Strategic Commissioning and Resource Group (SCRAG) depending on the payment value threshold reached. However, these levels of approval have not been formally delegated for Option 1 and 2 care packages, risking a breach of the Council's Scheme of Governance, payment control, and Best Value.
- **Approval** – From testing of cases over £375 pw (two tested were below £375 pw), evidence of approval was absent for 15 (54%) of 28 cases reviewed. Approval records are also reliant on supporting documentation held outwith the CareFirst System since a workflow-based system of escalation and approval is



absent. This risks unauthorised and unwarranted payments due to a lack of necessary scrutiny.

- **Care Package Budget Determination** – Under the Social Care (Self-Directed Support) (Scotland) Act 2013, councils have a duty to make service users aware of the “relevant amount” available to them to meet their support needs. The resource allocation system (RAS) is used to calculate an indicative budget for this purpose. All 24 (100%) receiving ongoing Option 1 and 2 care packages reviewed had a RAS as required. However, the final support plan exceeded the RAS indicative budget for 18 (75%) of these by a total weekly value of £15,700 (excess ranging from £62 pw to £5,000 pw). At the time of review across all SDS option types, including Option 3, 1,047 (33%) annual personal budgets exceeded the RAS by £23.0m slightly offset by 1,933 (60%) clients where the personal budget was below the RAS by £16.4m (net excess £6.6m). 217 (7%) had no RAS budget recorded in the system. Whilst it is clear the SCRAG offers a means of scrutinising Learning Disabilities care packages to help ensure their appropriateness, care packages are regularly determined by HSCP officers to exceed what the RAS indicates, and there is a lack of clear procedures on what justifies enhancements to care packages above RAS thresholds, risking Best Value. In addition, there is not an equivalent forum to the SCRAG for scrutinising high-cost Older People / Physical Disabilities care packages. These issues are contributing to the forecast overspend of £5.6m for 2023/24 reported to the IJB on 31 January 2024 attributed to “*client care packages [due to] demographic increases and complexities of care*” (Learning Disabilities £3.7m, Older People / Physical Disabilities £1.9m). This overspend is net of contributions from clients resulting from Financial Assessments and covers Options 1, 2, 3 and 4 SDS care packages.
- **Recovery of Balances (Overdue Recovery)** – Whilst a client is provided a care package based on a practitioner assessment and payments are made based on this, there are instances where the client is unable to obtain that level of care, due to limited third party supply. For this reason, clients’ accounts often end up in credit. The finance procedures indicate that any credit balances over six weeks of weekly budget should be recovered after discussion with the practitioner. 16 (53%) of 30 cases reviewed had balances beyond the six-week threshold (cumulative excess for 16 - £144k), which had not been recovered and no documentation was in the electronic records to indicate a discussion with the practitioner to justify this. Where unnecessary balances are left unrecovered from clients this increases the risk of inappropriate use of funds by clients / their guardians.
- **Recovery of Balances (Bank Transfer Authority)** – When recovering excess balances whether due to underspends or care packages ending, it was noted four HSCP officers have the authority to undertake bank transfers from any of the client SDS bank accounts for this purpose. This action currently only requires a single officer’s authority. For recovery of excess balances, the default bank account is the Council’s general account. However, where HSCP officers are required to process payments on behalf of the client/carer (e.g. client deceased with outstanding care costs to be paid) these officers are able to determine which bank account is to be credited, without a two-person approval process, risking inappropriate payments.

Recommendations have been made to address the above risks including establishing a system of oversight and control over reviews of care needs and payment card accounts; formalising delegated authority over SDS payments; reviewing the system for determining care package budgets to ensure it is fit for purpose; and enhancing control over care package approval, including if feasible introducing a workflow-based electronic system of escalation and approval. In addition, the HSCP is recommended to improve control over SDS payment card accounts, including timely cessation of payments when care packages end, timely recovery of excess balances, and a two-officer bank transfer process for social care finance team payments to suppliers on behalf of clients.

Severe or major issues/risks

Issues and risks identified are categorised according to their impact on the Council. 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																																							
1.2	<p>Care Package Budget Determination and Overspend – Under the Social Care (Self-Directed Support) (Scotland) Act 2013, councils have a duty to make service users aware of the “relevant amount” available to them to meet their support needs. The resource allocation system (RAS) within the CareFirst System is used to calculate an indicative budget for this purpose. This covers Older People/Physical Disabilities (OP/PD); Mental Health (MH); and Learning Disabilities (LD) cases as follows:</p> <table border="1"> <thead> <tr> <th></th> <th colspan="3">Indicative Budget Per Year</th> </tr> <tr> <th>Assessment Needs</th> <th>OP/PD</th> <th>MH</th> <th>LD</th> </tr> </thead> <tbody> <tr> <td>Low</td> <td>Up to £3,930</td> <td>£0</td> <td>£0</td> </tr> <tr> <td>Moderate</td> <td>£3,931 - £8,210</td> <td>Up to £7,068</td> <td>Up to £10,842</td> </tr> <tr> <td>Substantial</td> <td>£8,211 - £13,030</td> <td>£7,069 - £19,344</td> <td>£10,843 - £28,490</td> </tr> <tr> <td>Critical</td> <td>£13,030 - £19,500</td> <td>£19,345 - £37,200</td> <td>£28,491 - £50,600</td> </tr> </tbody> </table> <p>On reviewing client packages across all SDS Option types, including Option 3, 1,933 clients had a personal budget below the RAS (£16.4m) while 1,047 were higher (£23.0m) and 217 had no RAS budget recorded in the system as shown below, with a net excess of £6.6m:</p> <table border="1"> <thead> <tr> <th>Actual Budget Compared to RAS</th> <th>Count</th> <th>Over/Under RAS (£m)</th> </tr> </thead> <tbody> <tr> <td>Budget Higher Than RAS</td> <td>1,047</td> <td>23.0</td> </tr> <tr> <td>Budget Lower Than RAS</td> <td>1,933</td> <td>16.4</td> </tr> <tr> <td>No RAS</td> <td>217</td> <td>-</td> </tr> <tr> <td>Total</td> <td>3,197</td> <td>6.6</td> </tr> </tbody> </table> <p>This shows the required care packages are regularly determined by HSCP officers to exceed what the RAS indicates.</p> <p>Whilst the Strategic Commissioning and Resource Allocation Group (SCRAG) scrutinises high cost care packages relating to Mental Health</p>		Indicative Budget Per Year			Assessment Needs	OP/PD	MH	LD	Low	Up to £3,930	£0	£0	Moderate	£3,931 - £8,210	Up to £7,068	Up to £10,842	Substantial	£8,211 - £13,030	£7,069 - £19,344	£10,843 - £28,490	Critical	£13,030 - £19,500	£19,345 - £37,200	£28,491 - £50,600	Actual Budget Compared to RAS	Count	Over/Under RAS (£m)	Budget Higher Than RAS	1,047	23.0	Budget Lower Than RAS	1,933	16.4	No RAS	217	-	Total	3,197	6.6	Yes	Major
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	<p>and Learning Disabilities via a business case based application process and all care packages exceeding £50k should be the subject of scrutiny by the Chief Officer - IJB, there is not presently clear guidance on what is and is not permissible in terms of additional support, where this will result in RAS upper thresholds being exceeded, risking financial pressure.</p> <p>These issues are contributing to the forecast overspend of £5.6m for 2023/24 reported to the IJB on 31 January 2024 attributed to “<i>client care packages [due to] demographic increases and complexities of care</i>” (Learning Disabilities £3.7m, Older People / Physical Disabilities £1.9m). This overspend is net of contributions from clients resulting from Financial Assessments and covers Options 1, 2 and 3 SDS care packages.</p>																																																																																													
1.5	<p>Case Reviews – The SDS operational procedures indicate a care review should be undertaken by a social work practitioner six weeks after a client has received a new/amended assessment and then a minimum of annually thereafter to ensure support plans are addressing required outcomes. Social work practitioners should also complete an annual review of budget to ensure it remains appropriate based on care needs of the client.</p> <p>In addition, ‘one-off’ cost/direct payment and payment card reviews should be undertaken by the HSCP Finance team, a minimum of annually. Clients may receive funding for ‘one-off’ costs / direct payments as part of their annual care package. These should be subject to review to determine whether they continue into the following year. Payment card reviews should also be undertaken to ensure appropriate use of funds and recovery of excess balances.</p> <p>However, 1,621 (Option 1 – 379, Option 2 – 34, Option 3 – 985, and Option 4 – 223) reviews relating to 1,206 care packages (Option 1 – 245, Option 2 – 31, Option 3 – 788, and Option 4 – 142) were overdue. The 1,621 overdue reviews were made up of 1,329 (82%) practitioner reviews and 292 (18%) Finance reviews.</p> <table border="1"> <thead> <tr> <th>Review Type</th> <th><12m</th> <th>12-24m</th> <th>24-36m</th> <th>36-48m</th> <th>48-60m</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>‘One-Off’ Costs / Direct Payment</td> <td>58</td> <td>12</td> <td>3</td> <td>3</td> <td>2</td> <td>78</td> </tr> <tr> <td>Payment Card</td> <td>67</td> <td>67</td> <td>64</td> <td>13</td> <td>3</td> <td>214</td> </tr> <tr> <td>Total</td> <td>125</td> <td>79</td> <td>67</td> <td>16</td> <td>5</td> <td>292</td> </tr> <tr> <td>Practitioner</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Annual Budget</td> <td>331</td> <td>73</td> <td>31</td> <td>3</td> <td>0</td> <td>438</td> </tr> <tr> <td>Older People / Physical Disabilities</td> <td>573</td> <td>69</td> <td>21</td> <td>5</td> <td>0</td> <td>668</td> </tr> <tr> <td>Substance Misuse</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> <td>1</td> </tr> <tr> <td>Learning Disability</td> <td>164</td> <td>17</td> <td>10</td> <td>2</td> <td>0</td> <td>193</td> </tr> <tr> <td>Mental Health</td> <td>26</td> <td>1</td> <td>2</td> <td>0</td> <td>0</td> <td>29</td> </tr> <tr> <td>Total</td> <td>1,094</td> <td>160</td> <td>64</td> <td>11</td> <td>0</td> <td>1,329</td> </tr> <tr> <td>Grand Total</td> <td>1,219</td> <td>239</td> <td>131</td> <td>27</td> <td>5</td> <td>1,621</td> </tr> </tbody> </table>	Review Type	<12m	12-24m	24-36m	36-48m	48-60m	Total	Finance							‘One-Off’ Costs / Direct Payment	58	12	3	3	2	78	Payment Card	67	67	64	13	3	214	Total	125	79	67	16	5	292	Practitioner							Annual Budget	331	73	31	3	0	438	Older People / Physical Disabilities	573	69	21	5	0	668	Substance Misuse	0	0	0	1	0	1	Learning Disability	164	17	10	2	0	193	Mental Health	26	1	2	0	0	29	Total	1,094	160	64	11	0	1,329	Grand Total	1,219	239	131	27	5	1,621	Yes	Major
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Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating
	<p>Overdue reviews across all Option types varied between a month and just over four years overdue.</p> <p>Failure to carry out regular reviews could result in clients receiving incorrect care provision and could result in extra costs to the Council, payments being made for non-approved costs or excess account balances not being reclaimed timeously.</p>		
1.7	<p>Recovery of Funds – The SDS Finance Staff Guidance states: <i>“If the client has a balance in excess of 6 weeks funds in their Payment Card account [or] if the client appears on the report for surplus funds, finance will contact the practitioner to discuss before deciding if any surplus funds should be recovered”.</i></p> <p>However, it was noted that 16 (53%) of 30 cases reviewed had balances beyond the six-week threshold (cumulative excess for 16 - £144k), with no documentation on file indicating the reason for balances being left unrecovered. Based on the outstanding Finance team reviews described at 1.5 above, the number of excess balances may be higher but not yet identified.</p> <p>The HSCP Finance team confirmed excess balances were last reviewed in October 2023, when excess balances exceeding six weeks at that time were £1.4m. However, activity to address the excess balances was limited due to staff availability.</p> <p>Failure to recover excess balances increases the risk of clients subsequently utilising balances for non-agreed costs, risking Best Value.</p>	Yes	Major

Management response

The Management Team fully accepts the recommendations of the audit and will implement actions to strengthen the system of control and make improvements in the areas identified above to minimise risks:

- Care Package Budget Determination and Overspend – The increased number of SDS budgets over that identified by the RAS is a concern that reflects the increased costs of care that are reflected accurately in the current system. It had already been identified as an action for the SDS Team. Reviewing the current Resource Allocation System requires accountancy input and was already arranged to commence from July 2024 and concluded by 31st December 2024.*

The SCRAG panel for Mental Health and Learning Disability adult services was implemented prior to the creation of the HSCP in 2016. For the Older Adult and Physical Disabilities Services work is ongoing to create a high-cost scrutiny panel to improve budget management which will provide equal level of scrutiny across services.
- Case Reviews – Historically, it has been social work practice to review cases on an annual basis. This annual review would include all practitioner review*



categories. However, due to increased demands on the service there has been a need to prioritise activity, based on risk and urgency of need on assessment. This has resulted in a focus on reactive review (in response to changing needs) rather than on a planned, annual basis.

This focus reflects the fact that stable care provision rarely decreases, with the annual review unlikely to identify a reduction in support. It also recognises that review of care is a requirement for the service provider and any changes in need will be communicated through that process.

Reviews and continuous assessment within our re-enablement and recovery work do affect reductions in support. However, reductions in budget are rarely experienced in stable packages, particularly for older people. Given this we will not seek to review stable packages and will review guidance and procedures to confirm the current practice of reviewing reactively is effective and safe. As part of the review of SDS guidance and procedures there will be improved guidance and training for practitioners, that reflects current practice.

- *Recovery of Funds – An additional member of staff to the HSCP Finance Team to ensure effective recovery of funds.*

Appendix B

Internal Audit Report 2424 – Social Care Commissioning – Support at Home

Overall opinion

Net Risk Rating	Description	Assurance Assessment
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

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Service	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Head of Service.

Assurance assessment

The level of net risk is assessed as **MODERATE**, with control framework deemed to provide **REASONABLE** assurance over the Council’s Social Care Commissioning of Support at Home.

Social Care services are delivered to people in need of support in order to lead safe, independent, healthy lives. The vision and priorities for Health and Social Care Services are set out in Aberdeenshire Health and Social Care Partnership (AHSCP) Strategic Plan 2020-25.

The commissioned Support at Home service works alongside the Council’s in-house Care at Home service to promote independent living at home for vulnerable adults. A related multi-supplier framework agreement is in place to provide this care to people aged 16 years and over, including personal care, personal support and / or housing support. The contract aims to support the commissioning objectives of the Complex Care Programme Board, the Coming Home agenda, and aims to reduce inappropriate out of authority placements and delayed discharge from hospital settings.

Over 20,000 hours of care and support per week are commissioned across the Council area for vulnerable adults, with the primary care group being older people. The framework agreement has been in place since 1 April 2022, with a value of £177.9m recorded in the Council’s Contracts Register.

There is a dedicated Commercial and Procurement Shared Service Team for procurement and contract management within Social Care. The Commissioning, Procurement and Contracts Team are responsible for the following areas: strategic commissioning (assisting with the development and implementation of strategic commissioning plans), procurement (including tenders, direct awards, contract maintenance) and contract monitoring (compliance and non-compliance).

The following governance, risk management and control measures were generally fit for purpose:



- **Governance (IJB and Senior Management)** – The Professional Oversight for Care at Home Group (POCAHG) meet weekly and maintain oversight of Care at Home delivery. A red-amber-green (RAG) based system is in place to monitor performance at a supplier level for the commissioned supported at home providers (approx. 85% care) and the internal Care at Home service teams (approx. 15% care). Recruitment issues and absences are monitored for the internal service, as well as delayed discharges and unmet needs as recorded in the Care Needs System. The POCAHG monitor the impact of any risks on the Grampian Operational Pressure Escalation System (G-OPES) score for the Health and Social Care Partnership (HSCP). Care at home matters are escalated from the POCAHG as appropriate to the Chief Officer – IJB at daily situation update meetings, the Clinical and Adult Social Work Governance Group, the Clinical and Adult Social Work Governance Committee and ultimately the IJB (most recently October 2023).
- **C&PSS Support** – The Commissioning, Procurement and Contracts (CPC) Social Care team, coordinates social care strategic commissioning, procurement compliance, and contract monitoring. Spend by supplier reports are supplied annually to C&PSS by Finance for monitoring contract spend and procurement planning purposes. In addition, an annual ‘Social Care Contract Routine Annual Monitoring’ report is presented by C&PSS to the Health and Social Care Partnership senior management and the Chair of the IJB, highlighting any contractual exceptions requiring consideration. The 2022/23 report considered performance of providers delivering Support at Home care. In addition, the relevant Category Manager has access to reports from the CareFirst Care Management System for monitoring care package commitments.
- **Online Resources** – The online Health, and Social Care Partnership (HSCP) Hub available to staff is well structured and contains a dedicated page on Self-Directed Support with relevant practitioner guidance and links. In addition, the dedicated HSCP Procurement website available to staff covers guidance on the support at home framework, including ordering procedures, as well as the proforma framework call-off form and details of current provider rates.
- **Budget Monitoring** – A suite of Power BI reports are available to HSCP managers to monitor Support at Home spend against budget and the SCRAG monitors the Learning Disabilities forecast as compared to budget at monthly meetings.
- **Commissioning and Procurement** – The framework agreement for support at home care has been created and approved in accordance with the Council’s Scheme of Governance.

However, the review identified some areas of weakness where enhancements could be made to strengthen the framework of control, specifically:

- **Delegated Authority and Care Package Approval** – The Strategic Commissioning and Resource Allocation Group (SCRAG) considers care packages projected to cost £1,100 per week or £60k per year or over for approval. Whilst a list of delegated powers to HSCP officers is in place covering various procurement matters including authority to call-off services under a framework agreement such as the Support at Home framework agreement, this



does not delegate authority from the Chief Officer - IJB to raise a call off for more than £50k, meaning authority has not been formally delegated to the SCRAG to approve care packages exceeding £50k. In addition, approval was insufficient for 12 (80%) of 15 cases reviewed based on powers delegated to officers, including seven (46%) packages exceeding £50k, four of which had been considered by SCRAG and approved by Partnership Managers, when Chief Officer – IJB approval was required. These issues risk a breach of the Scheme of Governance and insufficient scrutiny of procurements, risking Best Value. A recommendation has already been made in Internal Audit report Self-Directed Support 2420 to introduce a workflow system of approval.

- **Call Off Arrangements** – Suppliers on the Support at Home framework agreement are prioritised based on the assessment of their bids to be included on the framework, with hourly rates varying by supplier. To ensure Best Value care needs are advertised or standalone invitations to tender are raised where possible. However, two (13%) of 15 call offs were not advertised on the care needs system and justification for a direct award was absent. Since neither are top ranking providers (rank 10 and 28) such direct awards risk Best Value.
- **Training** – Not all H&SCP officers involved in procurements had completed mandatory Delegated Procurement Authority (DPA) training to the level required. This risks staff being ill informed when carrying out their procurement duties.

It is acknowledged that this review covers some of the same processes reviewed in Internal Audit report 2420 Self-Directed Support, with some of the same related findings highlighted as a result, as they relate to SDS Option 3 commissioned care packages. Therefore, Internal Audit will work with management to consolidate recommendations and related actions, where it is felt this is beneficial.

Recommendations have been made to address the above risks including reviewing authority delegated to officers and either formalising if appropriate or requiring Chief Officer – IJB approval of high-cost care packages. In addition, it is recommended that DPA training is completed as required; and that a system of control is introduced to ensure Support at Home call offs comply with framework requirements.

Severe or major issues/risks

No severe or major issues/risks were identified as part of this review.

Management response

Aberdeenshire Health and Social Care Partnership Senior Management Team welcome the assurance provided from the audit regarding the areas identified as fit for purpose. The Professional Care at Home Oversight Group has recently been reviewed and improvements made to strength the remit of this Group and we acknowledge the assurance from this audit that the governance of the delivery of the support at home framework and the in-house care at home service, through this Group and the process for escalation and reporting is fit for purpose.

The Health and Social Care Partnership have a close working relationship with the Commissioning, Procurements and Contracts (CPC) Social Care Team and this collaboration and guidance from this team has ensured compliance with the Council Scheme of Governance for the commission and procurement of this framework. The

ongoing input from the Category Manager is instrumental in ensuring compliance with the framework, monitoring the quality of the services, and maintaining guidance resources for practitioners, along with input from HSCP managers. The Management Team welcome the acknowledgement of these area being fit for purpose in the audit.

The Management Team accept the recommendations and will implement actions to strengthen the system of control and make improvements in the areas identified above to minimise risks:

- *Delegated Authority and Care Package Approval – ‘The List of Delegated Powers to Partnership Managers’ has been updated and once input has been received from all relevant officers, approval will be sought from the Chief Officer to delegate authorising packages over £50,000 to Partnership Managers following scrutiny by the relevant panel. The SCRAG panel for Mental Health and Learning Disability adult services has been in place for several years and was implemented prior to the creation of the HSCP in 2016. Historically, this delegation was in place from the Director to the Head of Service, however a gap in this governance arose following the establishment of the HSCP, which has now been addressed. For the Older Adult and Physical Disabilities Services work is ongoing to create a high-cost scrutiny panel to improve budget management and as a recommendation from the Self-Directed Support audit to improve the system of control.*
- *Call-off Arrangements – There was a small percentage of non-compliance of call-offs from the framework in the sample where a direct award was given with no evidence of justification. This evidences that generally practitioners are complying with the ‘Care Needs System – Guidance for Practitioners’ document. The HSCP does require exceptions to the process, where a direct award can be given to minimise risk to service users and these exceptions are detailed in the guidance. However, to ensure compliance with the system of control the Management Team will implement the recommended actions.*
- *Training – The Management Team accept the recommendation and acknowledge the risk of staff procuring without the relevant knowledge. Actions to implement a system of control will be taken, including a requirement for training to be completed prior to officers being granted access to the Care Needs System and the initiation of regular notifications of DPA training completion to line managers for the purposes of identifying and addressing outstanding training.*

The Senior Management Team welcome the recommendations from Audit, with many actions taken to address these since the draft report was received.

APPENDIX C

Grading of Recommendations

Risk Level	Definition
Strategic	This issue / risk level impacts the Board as a whole. Mitigating actions should be taken at the Senior Leadership level.
Directorate	This issue / risk level has implications at the directorate 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.
Service	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Head of Service.
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 Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 3 MAY 2024

EXTERNAL AUDIT – ANNUAL AUDIT PLAN – 2023/24 AUDIT

1 Recommendation

1.1 The Committee is recommended to discuss and note this paper.

2 Background / Discussion

- 2.1 The external auditor's audit plan for the audit of the 2023/24 financial year is attached. This is the second year of Grant Thornton's audit appointment.
- 2.2 The programme of work within the plan is set in accordance with Audit Scotland's Code of Audit Practice and provides for the necessary assurances required to support their opinions on the Board's financial statements and wider scope audit responsibilities.
- 2.3 The Committee is asked to discuss and note the plan, attached as **Appendix 1**.
- 2.4 The Chief Finance Officer and Monitoring Officer have been consulted in the preparation of this report. Any comments made have been incorporated within the report and they are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3 Equalities, Staffing and Financial Implications

- 3.1 An equality impact assessment is not required because the reason for this report is for the Committee to discuss and comment on the External Auditor's Annual Plan and there will be no differential impact, as a result of this report, on people with protected characteristics.
- 3.2 There are no staffing and financial implications arising as a direct result of this report.

Chris Smith

Chief Finance and Business Officer

17 April 2024

Appendix 1 – Annual Audit Plan 2023/24

Aberdeenshire Integration Joint Board External Audit Plan

**Year ended
31 March 2024**

03 May 2024



Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the organisation or all weaknesses in your internal controls. This report has been prepared solely for your benefit and Audit Scotland (under the Audit Scotland Code of Practice 2021). We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Introduction

Purpose

This document provides an overview of the planned scope and timing of the external audit of Aberdeenshire Integration Joint Board for those charged with governance.

We are appointed by The Accounts Commission as the external auditors of Aberdeenshire Integration Joint Board for the five year period 2022/23 to 2026/27.

Respective responsibilities

Audit Scotland has issued an updated Code of Audit Practice ('the Code') covering this audit appointment period. There are no significant changes in the scope of our work compared to the previous 2016 Code. However, the 2021 Code applies the requirement to communicate key audit matters to all bodies, but requires them to be reported in the Annual Audit Report.

The Code summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities, and that of the Aberdeenshire Integration Joint Board are summarised in Appendix 1 of this Audit Plan. We draw your attention to this and the Code.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on Aberdeenshire Integration Joint Board's financial statements, which have been prepared by management with the oversight of those charged with governance (the Aberdeenshire Integration Joint Board Audit Committee). Our audit of the financial statements does not relieve management or the Aberdeenshire Integration Joint Board Audit Committee of your responsibilities.

It is your responsibility to ensure that proper arrangements are in place for the conduct of your business, and that public money is safeguarded and properly accounted for. As part of our wider scope and Best Value work, we will consider how you are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of Aberdeenshire Integration Joint Board and is risk based.



Plan overview

The audit plan sets out our risk based audit approach for Aberdeenshire Integration Joint Board. This plan outlines our initial risk assessment and is reported to those charged with governance (Aberdeenshire Integration Joint Board Audit Committee) and will be shared with Audit Scotland.

01 Materiality

We have calculated our planning materiality using prior year gross expenditure as per audited 2022/23 financial statements as our benchmark, resulting in the following:

- £8.720 million planning materiality is based on 2% of prior year gross expenditure.
- Performance materiality of £6.540 million is based on 75% of planning materiality.
- Trivial of £436,000 is based on 5% of materiality.
- A lower materiality of £25,000 will be used for the auditable elements of the Remuneration Report.
- We will revisit our materiality throughout our audit including updating to reflect the draft unaudited financial statements for 2023/24.

02 Financial statement audit

At planning, in accordance with the ISA's (UK) and Practice Note 10 (Revised 2020) 'The Audit of Public Sector Financial Statements' issued by the Public Audit Forum we have identified the following significant financial statement audit risk:

- Management override of controls (ISA (UK) 240)

We will communicate significant findings on this area as well as any other significant matters arising from the audits to you in our Annual Audit (ISA 260) Report.

03 Wider Scope and Best Value Audit

In accordance with the Code, our planning considers the wider scope and Best Value areas of audit.

We have identified the following wider scope risks and will conclude on these during the audit:

- Financial sustainability – Future financial plans for 2023/24 and beyond
- Vision, Leadership and Governance - Governance arrangements

Plan overview (continued(1))

04 Other audit matters

We summarise other audit matters for Aberdeenshire Integration Joint Board Audit Committee awareness. This includes:

- Consideration of going concern in accordance with Practice Note 10.
- In accordance with the Code and planning guidance we are also required to complete and submit a number of information returns and other deliverables to Audit Scotland during the year.

05 Our Audit Fee

Audit fees were shared by Audit Scotland with Aberdeenshire Integration Joint Board in January 2024. Our fee agreed with Aberdeenshire Integration Joint Board is £33,360. This fee includes:

- Auditor remuneration of £35,380
- Pooled costs £1,290
- Contribution to Performance Audit and Best Value costs £7,550
- Sectoral cap adjustment -£10,860

Audit fees are paid to Audit Scotland who in turn pay Grant Thornton UK LLP.

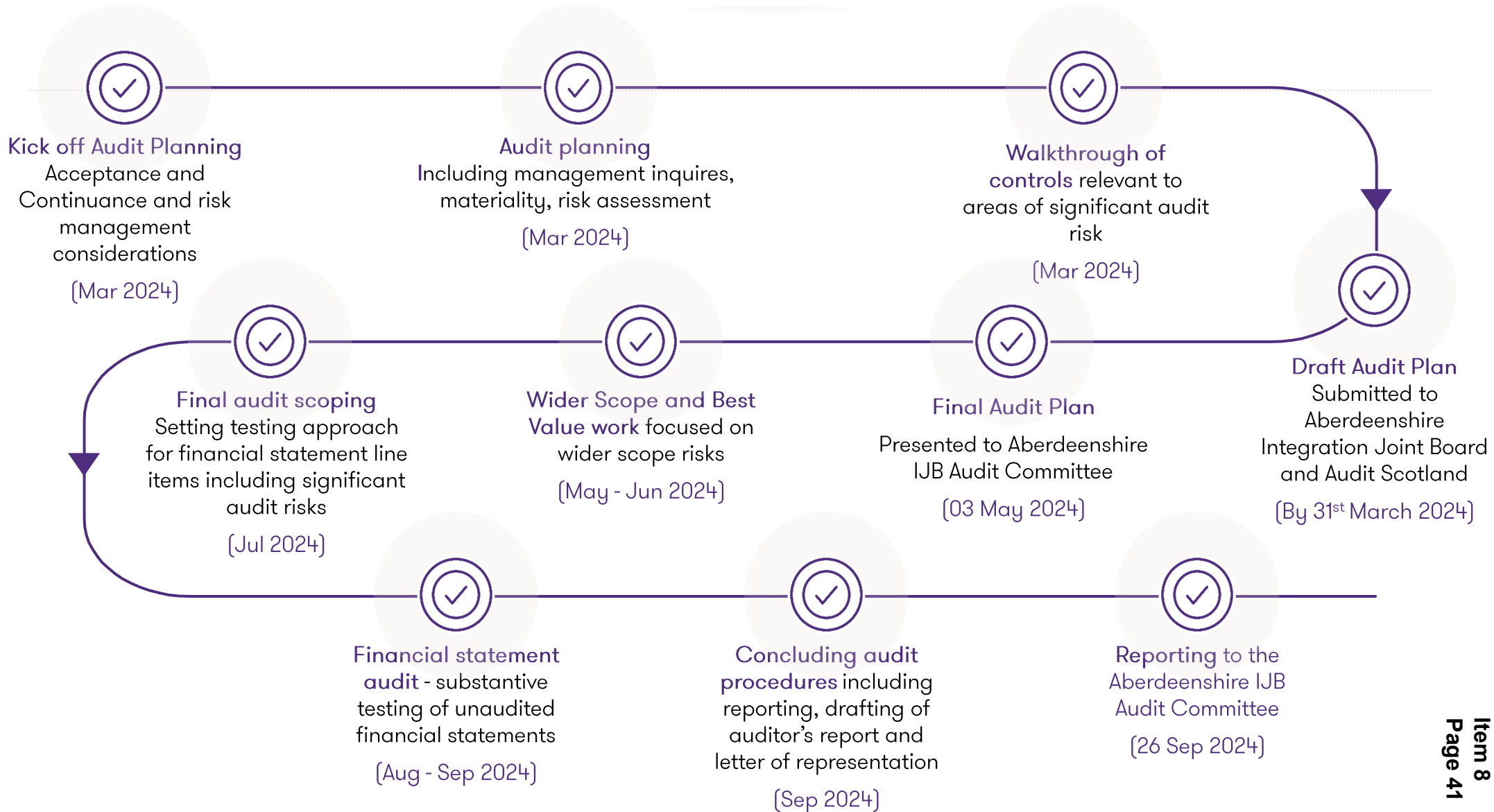
We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

06 Adding Value Through the Audit

Our overall approach to adding value through the audit is clear and upfront communication, founded on our public sector credentials. We use our LEAP audit methodology and data analytics to ensure delivery of a quality audit.

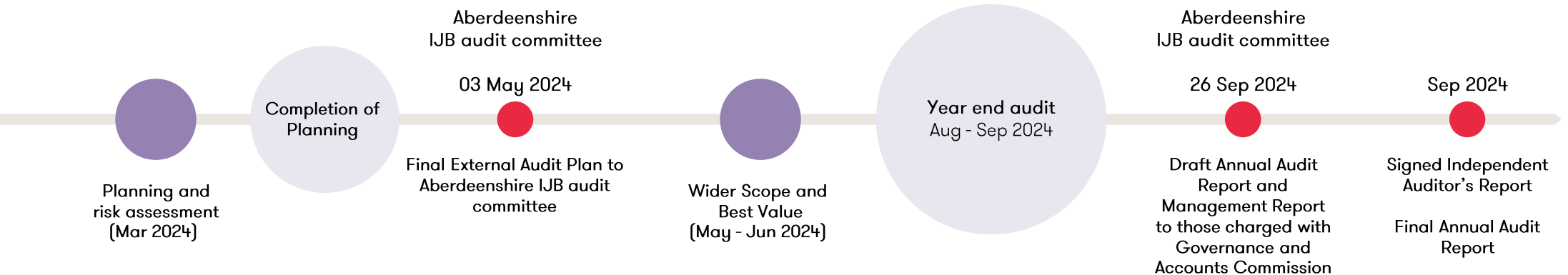
We have also invited members of your financial reporting team to our annual Local Government Chief Accountants workshop, which is led by our internal financial reporting technical team.

Audit approach



Audit timeline

We are required to submit audit plans to Audit Scotland by 31 March 2024, and it is anticipated that we will submit audited accounts and the Annual Audit Report by 30 September 2024. We have set out below our planned timescales for the Aberdeenshire Integration Joint Board audit.



Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging our other audit engagements. Where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

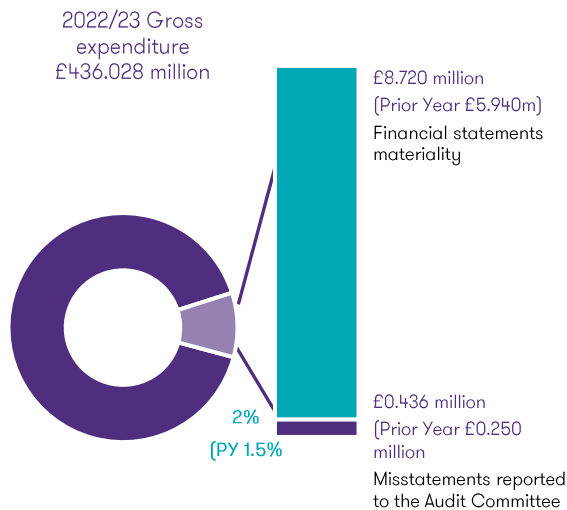
Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft accounts, comprising financial statements and related reports, of good quality, by the deadline you have agreed with us
- prepare good quality working papers which support the figures included in the financial statements, in line with the working paper requirements schedule that we have shared with you, and make these available to us at the start of the year end audit visit
- provide all agreed data reports to us at the start of the audit, which are fully cleansed and reconciled to the figures in the financial statements
- ensure that all appropriate staff are available to us for queries over the planned period of the audit, or as otherwise agreed
- respond promptly and appropriately to all audit queries, within agreed timescales.

Materiality

Financial statement materiality is determined based on a proportion of gross expenditure. We have determined **planning materiality** to be £8.720 million (Prior Year £5.940 million), which equates to approximately 2% of gross expenditure (Prior Year 1.5%) as per the 2022/23 audited financial statements.



Performance materiality represents the amount set for the financial statements as a whole to reduce the probability that the aggregate of uncorrected and undetected misstatements exceed materiality. We use this to determine our testing approach to the financial statements. We have set this at 75% of planning materiality (Prior Year 65%), giving a performance materiality of £6.540 million (Prior Year £3.861 million). This is based on our understanding of Aberdeenshire Integration Joint Board and our overall risk assessment procedures.

Materiality reflects our professional judgement of the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We apply a separate **lower materiality level of £25,000** to the auditable elements of the Remuneration Report.

Under ISA 260 (UK) ‘Communication with those charged with governance’, we are required by auditing standards to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. We have determined this threshold to be £436,000 which is based on 5% of materiality (Prior Year £250,000) In previous years, clearly trivial required to be capped at £250,000 but the maximum threshold prescribed by Audit Scotland has been removed for 2023/24 audits.

We will reconsider our materiality based on the unaudited 2023/24 financial statements when received in June 2024. During the course of our audit engagement, we will continue to assess the appropriateness of our materiality.

Significant audit risks

Significant risks are defined by ISAs(UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Management Override of Controls (as required by Auditing Standards – ISA (UK) 240)

As set out in ISA (UK) 240 (Revised May 2021) ‘The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements’ there is a presumed risk that management override of controls is present in all entities. Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override the entity’s internal controls, related to individual transactions. Our work focuses on journals, critical estimates and judgements, including accounting policies, and unusual transactions.

We will:

- Document our understanding of and evaluate the design effectiveness of management’s key controls over journals;
- Analyse your full journal listing for the year and use this to determine our criteria for selecting high risk journals;
- Test the high risk journals we have identified;
- Gain an understanding of the critical judgements applied by management in the preparation of the financial statements and consider their reasonableness;
- Gain an understanding of the key accounting estimates made by management and carry out substantive testing on in scope estimates.
- Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK) 315)

Significant audit risks (continued (1))

Risk of Fraud in Revenue (as required within Auditing Standards– ISA (UK) 240)

As set out in ISA (UK) 240 (Revised May 2021) there is a presumed risk that revenue may be misstated due to improper recognition of revenue in all entities.

Aberdeenshire Integration Joint Board’s income consists of partner funding contributions from Aberdeenshire Council and NHS Grampian. The funding (income) is agreed by all parties in advance of the financial year. There is no resultant estimate or judgement in this income stream. Any additional income in year, from either Partner, is agreed with the Integration Joint Board in advance, in accordance with the Integration Joint Board Directions in place.

Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at Aberdeenshire Integration Joint Board, we have determined that the risk of fraud arising from revenue recognition can be rebutted as there is deemed to be little incentive to manipulate revenue recognition and opportunities to manipulate revenue recognition are deemed to be limited.

Risk of Fraud in Expenditure (as recommended in Practice Note 10)

As set out in practice note 10 (Revised 2020) ‘The Audit of Public sector Financial Statements’, issued by the Public Audit Forum, which applies to all public sector entities, we consider there to be an inherent risk of fraud in expenditure recognition.

Aberdeenshire Integration Joint Board delegates services to Aberdeenshire Council and NHS Grampian. A budget is agreed by all parties in advance of the financial year. It is up to the Council and the NHS Board to spend the delegated budget, as agreed with the Integration Joint Board.

Having considered the risk factor and the nature of expenditure at Aberdeenshire Integration Joint Board, with there being no judgement or estimates in the recognition of expenditure, we have determined that the assumed risk of fraud in expenditure recognition can be rebutted as opportunities to manipulate expenditure recognition are deemed to be limited.

We will communicate significant findings on these areas, as well as any other significant matters arising from the audit to you, in our Annual Report to those Charged with Governance and the Accounts Commission for Scotland in September 2024.

Other matters

Auditor Responsibilities

We have a number of audit responsibilities as set out in the Code and Planning Guidance 2023/24 issued by Audit Scotland:

- We audit parts of your Remuneration Report, as required under the Code, and check whether these sections have been properly prepared (opinion).
- We read the sections of your Statement of Accounts which are not subject to audit and check that they are consistent with the financial statements on which we give an opinion (opinion).
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set out in Delivering Good Governance in Local Government: Framework (2016) (opinion).
- We consider our other duties under the Code and planning guidance (2023/24), as and when required, including:
 - Supporting Audit Scotland’s reporting to the Accounts Commission
 - Contributing to Audit Scotland Performance Reports and providing regular updates to Audit Scotland to share awareness of current issues
 - Contributing to the National Fraud Initiative (NFI) report
 - Notifying the Controller of the Audit when circumstances indicate a statutory report may be required
 - Completing mandated information requests and returns and notifying Audit Scotland of any cases of money laundering or fraud
 - Review of Technical guidance prior to issue by Audit Scotland.

Going concern assessment

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management’s use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a “SORP-making body” for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 was updated in 2020 to take account of revisions to ISAs (UK), including ISA (UK) 570 (Revised September 2019) on going concern. PN 10 allows auditors to apply a ‘continued provision of service approach’ when auditing going concern in the public sector, where appropriate. Audit Scotland’s also issued further guidance in a Going Concern publication in December 2020).

Within our wider scope work we will conclude on Aberdeenshire Integration Joint Board’s arrangements to ensure financial sustainability.

Other matters (continued (1))

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be considered as part of our audit. However, the procedures will not be as extensive as the procedures adopted for the significant risks we have identified and highlighted in this Audit Plan.

Internal control environment

During our initial audit planning we will develop our understanding of your control environment (design) as it relates to the preparation of your financial statements. In particular we will:

- Consider key business processes and related controls
- Assess the design of key controls over all significant risks we have identified. This will include key controls over journal entries and other material areas of management estimate and judgement.

Our focus is on design and implementation of controls only. We do not intend to assess, or place any reliance on the operating effectiveness of your controls during our audit.

Financial reporting developments

We hosted our LG technical audit workshops in February 2024. Individuals from the partner bodies were invited to attend the workshop.

During our audit we will actively discuss emerging financial reporting developments with you.

Progress against prior year audit recommendations

As part of our final account's procedures, we will follow up on the implementation of prior year audit recommendations and report on progress against the recommendations in full within our Annual Audit Report.

Wider scope risks identified in planning

Our responsibilities under the Code extend beyond the audit of the financial statements. The Code sets out four audit dimensions that frame wider scope into identifiable areas. These four dimensions have been slightly amended in the 2021 Code as shown in the table below.

2016 Code	2021 Code
Financial Sustainability	Financial Sustainability
Financial Management	Financial Management
Governance and transparency	Vison, Leadership and Governance
Value for Money	Use of Resources to Improve Outcomes

We consider each of these areas through our audit planning process and have set out below the identified areas of risk for our wider scope work.

From our initial planning work, we have identified one significant risk in relation to Financial Sustainability and one significant risk in relation to Vision, Leadership and Governance. We have not identified significant risks in relation to Financial Management or Use of Resources from our initial planning work. We will continue to review your arrangements before we issue our Annual Report.

Financial sustainability - Significant risk work area – future financial plans for 2024/25 and beyond

The draft Aberdeenshire Integration Joint Board Revenue Budget for 2024/25 is £435.6 million which includes £34.5 million set aside services which represents Aberdeenshire's share of the Large Hospital Services. The total funding provided totals £415.6 million, resulting in a budget shortfall of £20 million. The budget setting for 2024/25 includes savings plans and efficiencies identified by budget holders which total £12.5 million and reduces the funding gap. However, the Integration Joint Board still require to find further efficiency savings of £7.5 million in 2024/25 in order to achieve financial balance. At the time of this plan, Aberdeenshire Integration Joint Board are currently working on plans for the £7.5m unidentified efficiency savings. The 2024/25 Revenue Budget was reviewed and approved at the 20 March 2024 Aberdeenshire Integration Joint Board meeting.

Wider scope risks identified in planning (continued (1))

Financial sustainability (Continued) - Significant risk work area – future financial plans for 2024/25 and beyond

In line with Scottish Government guidance, Aberdeenshire Integration Joint Board has prepared a Medium-Term Financial Strategy (MTFS) covering 2024/25 – 2028/29. The financial pressures for 2024/25 and beyond are significant, with the total funding gap for the period currently projected to be £57 million, meaning the Integration Joint Board will require to deliver an unprecedented level of savings in future years. From 2025/26, the Integration Joint Board will be required to identify approximately £14.25 million of new cash releasing savings each year, equivalent to 3.4% of the total Integration Joint Board budget.

We will seek to understand the future financial forecasts and plans for Aberdeenshire Integration Joint Board for 2024/25 and beyond, including key assumptions used, scenario planning, sensitivity analysis, risk analysis and the extent of any budget pressures any impact upon reserves. We will also consider the action Aberdeenshire Integration Joint Board is taking to address identified funding gaps and associated savings plans.

Vision, Leadership and Governance – Significant risk work area – governance arrangements

The Aberdeenshire Health and Social Care Partnership (AHSCP) was established in April 2016 following Scottish Government legislation to integrate health and social care services. Aberdeenshire Integration Joint Board hold a committee-based structure which has delegated functions to several committees who subsequently become responsible for the administration of services.

We will review the effectiveness of your scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information. Our work will also include reviewing the consistency of your Governance Assurance Statement with the key findings from audit, scrutiny, and inspection.

We will follow-up the recommendations made during our previous audit in relation to vision, leadership and governance. These encompassed the implementation of an annual self-evaluation exercise, consideration of whether internal and external audit recommendations are addressed on a timely basis and ensuring that there is oversight of NHS Grampian internal audit reports. We will provide an update on the outcomes of our review in the Annual Audit Report.

Wider scope risks identified in planning (continued (2))

Financial management

We have not identified a risk in relation to Aberdeenshire Integration Joint Board's financial management from our initial planning work. Revenue budget monitoring reports are presented to the Board at the end of each quarter and provide clear and concise detail on the financial performance of the Integration Joint Board. At 30 November 2023, the Aberdeenshire Integration Joint Board are forecasting a £16.997 million overspend for 2023/24, equating to 6.0% of the Integration Joint Board budget. Key areas of challenge include inflationary pressures and increased social care costs.

As part of the 2023/24 Revenue Budget, the Integration Joint Board identified efficiency savings of £4.7 million in order to achieve a balanced budget. The monitoring report presented to the January 2024 Board meeting confirmed that these savings were expected to be delivered.

We will seek to understand the effectiveness of Aberdeenshire Integration Joint Board's budgetary control system in communicating accurate and timely financial performance, including the arrangements for identifying, monitoring and reporting of savings. We will consider the overall financial position reached by Aberdeenshire Integration Joint Board and we will seek to understand the future financial implications of this.

Use of Resources to Improve Outcomes

Integration Joint Board's need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes. We have not identified a risk in relation to Aberdeenshire Integration Joint Board's use of resources to improve outcomes from our initial planning work.

We will review the arrangements that Aberdeenshire Integration Joint Board has developed to address workforce challenges and improve performance, including Aberdeenshire Integration Joint Board has in place to meet outcomes and improvement objectives, for working with strategic partners and communities and reporting performance against outcomes, financial and other resources.

Wider scope risks identified in planning (continued (3))

Best Value

Under the new Code of Audit Practice, the audit of Best Value in Integration Joint Boards is fully integrated within the annual wider scope work performed by appointed auditors and their teams. Auditors are not expected to carry out detailed or separate work on the Best Value themes. It is acknowledged that as part of our review of arrangements embedded within our wider scope work, key aspects of the Best Value themes on Governance and Accountability and The Use of Resources will be covered.

As part of our integrated wider-scope annual audit work, we as appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value. We have not identified any significant risks in relation to Aberdeenshire Integration Joint Board's Best Value arrangements at the planning stage.

Integration Joint Boards have a statutory duty to have arrangements to secure Best Value. To achieve this, Boards should have effective processes for scrutinising performance, monitoring progress towards their strategic objectives, and holding partners to account. The Annual Performance Report is presented to the Board for scrutiny each year. The Integration Joint Board also present quarterly performance monitoring reports which provides members with updates throughout the financial year.

In the prior year audit, we raised an audit recommendation for the Integration Joint Board to implement an annual self-evaluation for the relevant Committees. The Integration Joint Board confirmed that an annual self-evaluation review would be implemented for the Integration Joint Board and the Integration Joint Board Audit Committee, with the results to be reported to the relevant committees with a plan to assist continuous improvement and succession planning. We will review the self-evaluations during our audit and report progress in the Annual Audit Report.

Audit Fees

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC on audit quality and public sector financial reporting. This includes, for Audit Scotland contracts, meeting the expectations of the Audit Scotland Quality Team and the Scottish quality framework.

Audit fees were shared by Audit Scotland with Aberdeenshire Integration Joint Board in January 2024. Our proposed audit fee was agreed with the Chief Financial Officer and will be presented to the Audit Committee on 3 May 2024. Audit fees are paid to Audit Scotland who in turn pay us. We reserve the right to review our fee during the audit should significant delays be encountered and/or new technical matters arise.

Fee assumptions

In setting the fee for 2023/24 we have assumed that you will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence for all critical and significant judgements and estimates made in preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- Provide ongoing access to officers and management experts throughout the audit and timely responses to audit queries.

Relevant professional standards

Audit Scotland set the baseline audit fee. We can increase the fee, from the baseline, for the inclusion of additional risks, new technical matters or specific client matters identified.

We are required to consider all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \[revised 2019\]](#) which state that the Engagement Lead must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards

Audit fees for 2023/24

Service	Fees £
External Auditor Remuneration	£35,380
Pooled costs	£1,290
Contribution to Performance Audit and Best Value	£7,550
Sectoral cap adjustment	-£10,860
2023/24 Fee	£33,360

At the planning stage, we confirm there are no planned non-audit services.

Adding value through the audit

Our overall approach to adding value through the audit is clear and upfront communication, founded on our public sector credentials and our LEAP audit methodology and use of data analytics to ensure delivery of a quality audit.

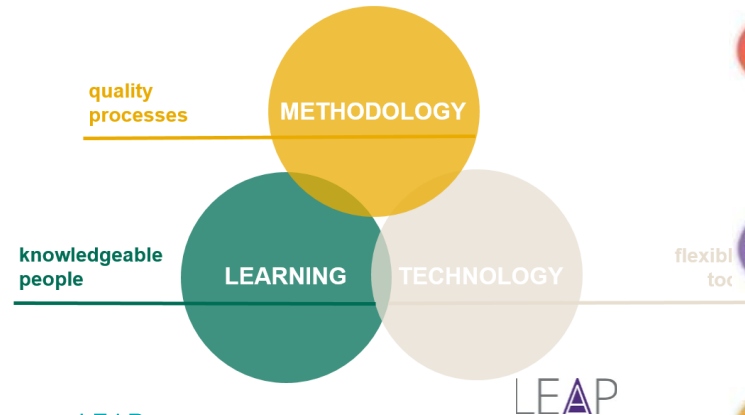
Our audit methodology is risk based and includes developing a good understanding of **Aberdeenshire Integration Joint Board**. The diagram opposite summarises how our methodology and use of data adds value to our audit.

We comply with UK Auditing Standards and as a Firm we are regulated by the FRC. We take findings on audit quality seriously and continue to invest through our Audit Investment Plan, which is supported by a specific national Public Sector Investment Plan.

We comply with Audit Scotland's quality arrangements, including submitting an Annual Quality Report on our Audit Scotland portfolio. Audit Scotland's quality report for 2021/22 can be found on the [Audit Scotland website](#).

Our wider quality arrangements are set out in our annual transparency reports which are available on our website here: [Annual report 2021](#).

Use of audit, data interrogation and analytics software



LEAP

- A globally developed ISA-aligned methodology that re-engineers our audit approach to focus on quality and effectiveness
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- The LEAP approach allows us to tailor the audit programme to help engagement teams respond quickly to any changes as they occur, keeping quality high through responsiveness and flexibility.

Info



Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST AND SHARE

- Communicate and transfer documents securely; Extract data directly from client systems; Work flow assignment and progress monitoring



ASSESS AND SCOPE

- Compare balances and visualise trends; Understand trends and perform more granular risk assessment



VERIFY AND REVIEW

- Automate sampling; Download automated work papers



INTERROGATE AND EVALUATE

- Analyse 100% of transactions quickly and easily; Identify high risk transactions for investigation and testing; Provide client reports and relevant benchmarking KPIs



FOCUS AND ASSURE

- Visualise relationships impacting core business cycles; Analyse 100% of transactions to focus audit on unusual items; Combine business process analytics with related testing to provide greater audit and process assurance



INSIGHTS

- Detailed visualisations to add value to meetings and reports

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Independence

Auditor independence

Ethical Standards and ISA (UK) 260 'Communication with Those Charged With Governance' require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the Firm, or covered persons, relating to our independence.

We encourage you to contact us to discuss any independence issues, with us and will discuss the matter with you if we make any significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors of Aberdeenshire Integration Joint Board that we are required to report or wish to draw to your attention.

We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the 2019 Ethical Standard.

Our team complete annual fit and proper declarations, including independence confirmations, as well as confirming independence from individual audited bodies when completing timesheets. The work of our Ethics team is overseen by our Ethics partner and all staff undergo regular ethics training each year.

We confirm we are independent of Aberdeenshire Integration Joint Board.

Non-audit services provided prior to appointment

Ethical Standards require us to draw your attention to relevant information on recent non-audit / additional services before we were appointed as auditor. We did not provide any non-audit or additional services to Aberdeenshire Integration Joint Board prior to our appointment as auditors.



Responsibilities

The Code sets out auditor responsibilities and responsibilities of the audited body. Key responsibilities are summarised below. Please refer to the Code for further detail.

Aberdeenshire Integration Joint Board

Your responsibilities include:

- Maintaining adequate accounting records and working papers
- Preparing accounts for audit, comprising financial statements, which give a true and fair view, and related reports
- Establishing and maintaining a sound system of internal control
- Establishing sound arrangements for proper conduct of affairs, including the regularity of transactions
- Maintaining standards of conduct for the prevention and detection of fraud and other irregularities
- Maintaining strong corporate governance arrangements and a financial position that is soundly based
- Establishing and maintaining an effective internal audit function.

External Audit

Our responsibilities include:

- Compliance with the FRC Ethical Standard
- Compliance with the Code and UK Auditing Standards (ISA's UK) in the conduct and reporting of our financial statements audit
- Compliance with the Code and guidance issued by Audit Scotland in the conduct and reporting of our wider scope and Best Value work
- Providing assurance on specified returns and other outputs (where required), as specified in guidance issued by Audit Scotland
- Liaison with and notifying Audit Scotland when circumstances indicate a statutory report may be required
- Notifying Audit Scotland of any known or suspected frauds greater than £5,000
- Contributing to relevant performance studies (as set out in Audit Scotland's Planning Guidance for 2023/24).



Communication

ISA (UK) 260 'Communication with Those Charged With Governance', as well as other ISAs set out prescribed matters which we are required to report to those charged with governance (the Aberdeenshire Integration Joint Board Audit Committee). Our reporting responsibilities are set out below. We communicate all matters affecting the audit on a timely basis, to management and/or the Aberdeenshire Integration Joint Board Audit Committee.

	Audit Plan	Annual Report (our ISA 260 Report)
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, including planning assessment of audit risks and wider scope risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Views about the qualitative aspects of Aberdeenshire JJB's accounting and financial reporting practices, including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issues arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report or emphasis of matter		•

Fraud responsibilities

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements' came into force for accounting periods commencing on or after 15 December 2021. Requirements in ISA (UK) 240 (Revised May 2021) have been enhanced for the identification and assessment of risks of material misstatement due to fraud and the response to those risks.

The term fraud refers to intentional acts of one or more individuals amongst management, those charged with governance, employees or third parties involving the use of deception that result in a material misstatement of the financial statements. In assessing risks, the audit team is alert to the possibility of fraud at Aberdeenshire Integration Joint Board.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance including establishing and maintaining internal controls over the reliability of financial reporting effectiveness and efficiency of operations and compliance with applicable laws and regulations.

It is Aberdeenshire Integration Joint Board's responsibility to establish arrangements to prevent and detect fraud and other irregularity. This includes:

- developing, promoting and monitoring compliance with standing orders and financial instructions
- developing and implementing strategies to prevent and detect fraud and other irregularity
- receiving and investigating alleged breaches of proper standards of financial conduct or fraud and irregularity.

As auditors, we are required to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

As part of our risk assessment procedures we are required to:

- identify and assess the risks of material misstatement in the financial statements due to fraud, including financial misreporting and misappropriation of assets.
- hold separate discussions with management, those charged with governance and others (as appropriate) to gain insights on their views of fraud.

Fraud responsibilities (continued)

During our audit work we will:

- design and implement appropriate audit procedures to respond to the risks of misstatement we have identified and reported in this Audit Plan
- remain alert to new risks and amend our risk assessments accordingly
- respond appropriately to any risks identified.

Throughout the audit we work with you to consider the significant risks we identify, including the operation of key financial controls. We also examine the policies in place, strategies, standing orders and financial instructions to ensure that they provide a strong framework of internal control. We will report to you any significant deficiencies we identify.

In addition, as set out in the Audit Scotland Planning Guidance 2023/24 ,we are required to:

- provide information on fraud cases to Audit Scotland on a quarterly basis
- communicate emerging issues to Audit Scotland, and
- contribute to the National Fraud Initiative report.

Anti-Money Laundering Arrangements

As required under the Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 there is an obligation on the Auditor General (as set out in the Audit Scotland Planning Guidance for 2023/24) to inform the National Crime Agency if he knows or suspects that any person has engaged in money laundering or terrorist financing. Should we be informed of any instances of money laundering at Aberdeenshire Integration Joint Board we will report to the Accounts Commission as required by Audit Scotland.

IT audit strategy

ISA (UK) 315 (Revised July 2020): Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and its Environment' came into force for accounting periods commencing on or after 15 December 2021.

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Oracle (on premises)	Financial Reporting – Aberdeenshire Council	A detailed review of the IT General Controls related to security management, development and maintenance and technology infrastructure will be carried out by our internal IT specialists team for the 2023/24 financial year on these in scope systems. We will look to gain assurance on the work performed in year in relation to the design effectiveness and implementation of IT General Controls for the current financial year and update our understanding of any changes in the system since the prior financial year. We will review any changes identified in key controls from the prior year and assess the impact of any changes on the planned audit approach.
eFinancials	Financial Reporting – NHS Grampian	<ul style="list-style-type: none"> • Review of Service Auditor Reports • ITGC Assessment (as above)

During our audit we will complete an assessment of the design and implementation of relevant ITGCs

Future auditing developments

There are changes to the following ISAs (UK) which will impact on our LG audits for the first time in future years.

Revised standards applicable for audits of financial statement for periods commencing on or after 15 December 2022:

- ISQM (UK) 2 (Issued July 2021) 'Engagement Quality Reviews'
- ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

Revised standards applicable for audits of financial statement for periods commencing on or after 15 December 2023.

- ISA (UK) 600 (Revised September 2022) 'Special Considerations- Audits of Group Financial Statements (including the work of component auditors)' - Applicable for audits of financial statement for periods commencing on or after 15 December 2023.
- IFRS 16 Lease will need to be implemented by local authorities from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. Aberdeenshire Integration Joint Board will need to assess if the standard has any relevance for them.

A summary of the impact of the key changes on various aspects of the audit is included on the next slides.

Future auditing developments (continued (1))

A summary of the impact of the key changes on various aspects of the audit is included below:

Area of change	Impact of changes
Quality control	<ul style="list-style-type: none"> ISQM 2 deals with the appointment and eligibility of the engagement quality reviewer (EQR) and the EQRs responsibilities relating to the performance and documentation of an engagement quality review. The objective of the firm, through appointing an EQR, is to perform an objective evaluation of the significant judgments made by the engagement team and the conclusions reached thereon. The objective of the auditor is to implement quality control procedures at the engagement level that provide the auditor with reasonable assurance that the audit complies with professional standards and applicable legal and regulatory requirements; and the auditor's report issued is appropriate in the circumstances.
Direction, supervision and review of the engagement	<ul style="list-style-type: none"> Greater responsibilities, audit procedures and actions are assigned directly to the engagement lead, resulting in increased involvement in the performance and review of audit procedures.
Definition of engagement team	<ul style="list-style-type: none"> The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The group auditor is required to determine the nature, timing and extent of involvement of component auditors in any group audit. Component auditors may increasingly be involved in all phases of the group audit. The group auditor should be sufficiently and appropriately involved in the work of component auditors throughout the group audit, including communicating clearly about the scope and timing of their work, and evaluating the results of that work.
Documentation	<ul style="list-style-type: none"> The amendment to these auditing standards will result in additional documentation requirements to demonstrate how these requirements of these revised standards have been addressed.

Future auditing developments (continued (2))

IFRS 16 Leases

Following further deferral of IFRS 16 Leases in Local Government, this accounting standard is now mandated for implementation by local government bodies from 1 April 2024 (although earlier adoption is permitted).

The new standard brings significant changes for lessee accounting. Key points that Aberdeenshire Integration Joint Board will need to consider on transition include:

- The need to recognise the cumulative effects of initially applying IFRS 16 on the date of implementation as an adjustment to the opening balances of taxpayers' equity. (This means prior year comparators will not need to be restated).
- The need to recognise the right-of-use asset for leases previously classified as operating leases at an amount equal to the outstanding lease liability.
- No adjustments are needed for leases for which the underlying asset is of low value (less than £5,000 new) or where the lease term ends within 12 months.
- Assets where there is no or a below market rate peppercorn lease premium should be recognised as a right-of-use asset measured at current value in existing use or fair value as appropriate. Any difference between this and the lease liability will be recognised as part of the adjustment to the opening balances of taxpayers' equity.

- Irrecoverable VAT should not be included in the lease liability nor the value of the right of use asset.
- Existing finance lease and PFI liabilities that have an element based on an index or other rate will need to be reviewed and possibly amended as such variable payments are incorporated into the measurement of the lease liability under IFRS 16.
- In the year prior to implementation, the financial statements will need to disclose the anticipated impact of adopting IFRS 16 from 1 April of the following year.
- Systems will need to be in place to capture the relevant information for new leases entered into on or after implementation.

Aberdeenshire Integration Joint Board will need to assess any relevance for them as to whether there are any arrangements which might contain the use of an asset, in order to ensure that the disclosures made in 2023/24 and accounting balances included within Aberdeenshire Integration Joint Board's financial statements are complete and accurate.





REPORT TO ABERDEENSHIRE AUDIT COMMITTEE – 3 MAY 2024

RISK REGISTER AND RISK ASSURANCE

1 Recommendation

It is recommended that the IJB's Audit Committee:-

1.1 Note this update on risk procedures

1.2 Note the work of the Risk and Assurance Group

2 Risk

2.1 IJB Risk 4 - Inadequate Business Continuity arrangements - It is essential that HSCP risks and risk levels are captured and regularly monitored and updated to ensure hazards are managed.

3 Background

3.1 The risk register continues to evolve as suggestions and recommendations are made by the Risk and Assurance Group, Audit Committee, Clinical and Adult Social Work Group and CASWG Committee.

3.2 Following agreement at both Audit and CASWG Committees, an IJB or strategic risk will be reviewed at each Committee (clinical/care at CASWGC and resource at Audit Committee). These reviews will provide an assurance report to IJB. It is the intention to have a risk appetite discussion alongside the assurance report at an IJB informal session when timetabling permits.

3.3 **Procedural reminder** - IJB, strategic and operational risks which form the risk register are held on Datix and are added, managed and reviewed by risk owners and handlers. Initial oversight of operational and IJB risks takes place at either the Clinical and Adult Social Work Group or the Risk and Assurance Group. The Strategic Planning Group now has oversight of the Strategic Delivery Plan risks and can escalate concerns and reports via the Risk and Assurance Group to the Audit Committee or CASWG Committee. IJB and Strategic Delivery Plan Risks are overseen by the CASWG and Audit Committees as per Advice Note for Members on Strategic and Operational Matters V3 (standardscommissionscotland.org.uk).

3.4 **The Risk and Assurance Group**, chaired by the Chief Officer, has met monthly for the last 8 months particularly to oversee the completion of audit recommendations. Going forward this had now reverted to a quarterly cycle preceding the Audit Committee.

4 Progress

4.1. 8 weekly reminders continue to operational and risk leads and work with risk handlers and leads continues. All care home related risks have been reviewed and updated this month with risk handlers, allowing 2 operational risks to be closed and a new one opened.

4.2 New risks continue to be added to the risk register, and training and awareness sessions with staff and teams have enabled more staff to be confident to add and manage their risks.

4.3 The summary Risk Register attached has been updated with a supplementary column to show when an IJB/strategic risk has been/will be reviewed by Committee.

4.4 **IJB risk 8 (1589)** – Risk of failure to deliver standards of care expected by the people of Aberdeenshire – rating medium. Meetings are in place to review this risk which is scheduled to go to the next meeting of CASWG and CASWGC are requested by Audit Committee.

4.5 The Risk and Assurance Group met on 16 April. Presentations were made on 3 Risk areas

(a) Strategic Risk 2508 – Analogue to Digital Switchover – Medium risk. The report highlighted various risks sitting within this overall risk due to the complexity of the project and the reliance on external suppliers. The project encompasses Aberdeenshire Council Sheltered Housing as well as alarms and peripherals supplied to people's homes via the Joint Equipment Service Telecare Team. It was agreed that the full risk register for the Analogue to Digital Project Board be shared with the Risk and Assurance Group. This risk will be presented to the Audit Committee at its next meeting.

(b) Strategic Risk 3456 – Health and Care Staffing Act – High risk. The chair of the Health and Care Staffing Act Short Life Working Group, which reports to the HSCP Workforce and Training Group, outlined progress to date under the duties of the Act. The risk will be changed to medium, as work being done by the group shows that the duties of the Act are largely being undertaken by the Partnership, but assurance processes require to be captured and easily interrogated. The SLWG will continue through the first development year of the Act which came into force on 1 April 2024. This risk will also be presented to the Audit Committee at its next meeting.

(c) Risk 3328 – Buchan Health Visiting Team - this is an operational risk where a wide variety of mechanisms have been tried and evidenced in relation to filling vacancies. The Risk and Assurance Group were satisfied that robust attempts had been made to mitigate this risk and that this be remitted to the CASWG to look at clinical interventions.

The Risk and Assurance Group also heard updates from Audit leads regarding progress in relation to closing remaining outstanding audit actions, the current audits underway and the 4 audits commencing in the 2024/5 financial year. A more robust process has been put in place to ensure all audits and actions are managed and monitored by the Group.

5 Risk Management

- 5.1 This report sets out to provide assurance to the Committee on the ongoing review arrangements for risks on the Risk Register.
- 5.2 Risk management arrangements are in line with the agreed Risk Policy and updated Risk Procedures.

Lynn Boyd
Service & Development Manager
Aberdeenshire Health and Social Care Partnership

Report prepared by: L Boyd

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE - 3 MAY 2024

UPDATE ON THE MANAGEMENT OF RISK 3487 – INSUFFICIENT RESOURCE LINKED TO DIGITAL STRATEGY

1 Recommendation

It is recommended that the Integration Joint Board (IJB):

- 1.1 Note the update on the management of Risk 3487: Insufficient resource linked to Digital Strategy.

2 Directions

- 2.1 No direction requires to be issued to Aberdeenshire Council or NHS Grampian as a result of this report.

3 Risk

- 3.1 Following agreement at IJB Audit Committee, an IJB or strategic risk will be reviewed at each Committee. This report provides an update on the management of Risk 3487 on the Strategic Delivery Plan Risk Register: Insufficient resource linked to Digital Strategy.

4 Background

- 4.1 In April 2023 a Digital Project Manager was appointed to develop a Digital Strategy for the Health and Social Care Partnership and lead associated digital projects.
- 4.2 The Digital Strategy seeks to place digital technology at the heart of service delivery across the AHSCP, supporting people to be more independent and achieve improved outcomes at the same time as addressing current challenges and enabling services to be delivered in a more cost-effective way.
- 4.3 A draft Digital Strategy has been created and continues to be shaped by initial engagement with the AHSCP leadership team and digital leads from partner organisations. There has also been some initial public engagement through the Budget Strategy engagement survey, which will inform forthcoming in-person engagement sessions to discuss in more detail the opportunities and concerns raised in relation to the use of digital technology.
- 4.4 The revised Digital Strategy will be made available for full consultation before its submission to the IJB. In the meantime, the Digital Project Manager is working with services to scope new projects which will be aligned to the Digital Strategy.

5 Summary

- 5.1 The attached report provides an update to the IJB Audit Committee on the management of Risk 3487: Insufficient resource is linked to the Digital Strategy.

6 Equalities, Staffing and Financial Implications

- 6.1 An equality impact assessment is not required because the recommended actions are not considered to have a differential impact on people with protected characteristics.

James Black, Digital Project Manager
Aberdeenshire Health and Social Care Partnership

Report prepared by James Black
Date: 22/04/2024

APPENDIX 1 – Update on management of Risk 3487: Insufficient resource is linked to the Digital Strategy.

Subject Title: Digital Strategy	Submitted on: 22/04/2024	Submitted by: James Black	Submitted on behalf of: Chris Smith
Purpose of report: To update IJB Audit Committee on the management of Risk 3487 on the AHSCP Strategic Delivery Plan Risk Register that insufficient resource is linked to the Digital Strategy.			
<u>Background information:</u> In April 2023 a Digital Project Manager was appointed to develop a Digital Strategy for the Health and Social Care Partnership and lead associated digital projects. The Digital Strategy seeks to place digital technology at the heart of service delivery across the AHSCP, supporting people to be more independent and achieve improved outcomes at the same time as addressing current challenges and enabling services to be delivered in a more cost-effective way. A draft Digital Strategy has been created and continues to be shaped by initial engagement with the AHSCP leadership team and digital leads from partner organisations. There has also been some initial public engagement through the Budget Strategy engagement survey, which will inform forthcoming in-person engagement sessions to discuss in more detail the opportunities and concerns raised in relation to the use of digital technology. The revised Digital Strategy will be made available for full consultation before its submission to the IJB. In the meantime, the Digital Project Manager is working with services to scope new projects which will be aligned to the Digital Strategy.			
<u>Summary of risk/s and implications:</u> Risk 3487 reflects the fact that there is no dedicated budget against the Digital Strategy and so there is a risk that insufficient funding may be available to invest in digital solutions. There is also a risk that workforce pressures within services may limit the capacity available to support these projects. The result of insufficient resources being available would be an inability to fully deliver on the aims of the Digital Strategy, limiting achievement of efficiency savings for the organisation and improved outcomes for service users.			

Risk mitigation information

Although the Digital Project Manager will be expected to lead multiple projects to deliver on the aims of the Digital Strategy, the Digital Strategy will not be managed as a single programme and will also encompass pre-existing projects which are being managed separately and for which there is a discrete project budget. Examples include the replacement social work case management system (ECLIPSE), and the Analogue to Digital Project.

The Digital Project Manager has been working with services to identify new project proposals and will be developing business cases to justify investment from service budgets on a 'spend to save' basis, with an expectation that increased use of technology, particularly around the area of Technology Enabled Care, will deliver financial savings for the organisation. As an example, within a shared supported living environment there may be potential to reduce reliance on 1:1 sleep in carers with a shared waking night resource supported by a digital solution. This could deliver the same level of care at reduced cost but the saving would be at risk if funding was unavailable to invest in the digital solution required to support the service change.

The Digital Project Manager has also been exploring digital solutions which can be incorporated into existing programmes of work, for example the Social Care Sustainability Programme, where existing project staffing resource can be utilised.

It is anticipated that the Digital Project Manager will support bids, where appropriate, to Aberdeenshire Council's Transformation fund and research additional funding opportunities available through partner or external organisations.

Additional comments

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 3 MAY 2024

UPDATES FROM OTHER AUDIT COMMITTEES

1 Recommendation

- 1.1 **The Committee is recommended to consider relevant items that have been considered by other local Audit Committees and consider implications for Aberdeenshire IJB as noted below.**

2 Background / Discussion

- 2.1 The Chair of the Committee has suggested that the scrutiny role of the IJB Audit Committee could be enhanced by a knowledge of relevant issues that are being considered by other local Audit Committees which would enable Committee members to be aware of relevant audit issues which have implications for Aberdeenshire IJB.
- 2.2 This report provides an update on the recent meetings on the Audit Committees of NHS Grampian, Aberdeen City and Moray IJBs. It highlights any issues which may be of relevance to Aberdeenshire IJB.

3 NHS Grampian Audit Committee

- 3.1 The NHS Grampian Audit Committee met on the 24 October and 12 December 2023. The following issues are of relevance to the IJB.

3.1.1 Internal Audit Progress Report

Vacancy Management

The review had centred on the use of the NHS Scotland JobTrain system to log, manage and advertise all vacancies for each Health Board. The system had improved consistency in processes and approvals but there are still some gaps around evidencing whether a post is necessary and is aligned to service requirements.

A draft report had been issued to management and is now subject to review and sign-off.

The review had identified three medium risk recommendations in relation to incomplete rationale for vacancies, a lack of formal processes for monitoring and escalating unfilled vacancies and the lack of oversight for material changes to current roles.

Three low risk recommendations were identified in relation to low completion rates for exit interviews, inaccurate vacancy status on JobTrain and that policies and procedures currently in place at NHS Grampian predate the implementation of JobTrain as management are waiting on the publication of national guidance for recruitment and selection and how JobTrain should be used.

General

Final terms of reference for the reviews of Performance Management and Portfolio Governance had been agreed with fieldwork scheduled to begin in December 2023. A planning meeting to agree the scope of the review of Key Financial Controls had agreed it would focus on specific areas including standing data. Fieldwork for the review of Capital Procurement will begin in January 2024.

3.1.2 IJB Internal Audit Summary Report

A paper reported an update on internal audit reporting to the Audit Committees of Aberdeen City, Aberdeenshire and Moray Integration Joint Boards. Discussions are ongoing to confirm the inclusion of assurance statements from the three Chief Officers of the IJBs in future reports. The paper noted that internal auditors could only provide limited assurance that Moray and Aberdeenshire had adequate systems of governance, risk management and internal controls. Assurance will be sought that there is ongoing work to remedy this position.

An internal audit report into Complaints Handling at Aberdeen City had reported weaknesses and the management response had confirmed actions would be progressed to address the findings. It was confirmed that internal audit report sharing between IJBs and NHS Grampian could be progressed. However, it would be important to remain mindful of the independent nature of IJBs and that IJBs do not have a remit over the items covered in NHS Grampian internal audit reports. The paper today should be reviewed in the context of information sharing rather than formal reporting.

3.1.3 Risk Management Update

A report was presented which updated the Committee on the management of strategic risks and the activities undertaken in relation to strategic risk development. The Committee were informed of ongoing discussions with aligned risk owners regarding amendment to individual risk descriptions to clearly articulate population health risks. During discussion with the Chief Executive Team in November it had been agreed that assigning the correct risk level and score are essential in terms of ensuring informed decision making and identifying the required response. In addition work will commence with Board Committees early in 2024 regarding new risk reporting criteria and review of strategic risks aligned to each Committee. Work will continue on processes to agree new risks and modify existing risks. Any agreed amendments to the Strategic Risk Register, including additions, descriptions and levels, will be reported to the Audit and Risk Committee for consideration.

3.1.4 Financial Governance

Counter Fraud Update

The Committee considered a report which summarised the current status of ongoing investigations and progress in relation to counter fraud activities in the current financial year.

Items discussed:

- The NHS Grampian Counter Fraud Steering Group had discussed the Counter Fraud Strategy. Counter Fraud Services had confirmed its commitment to provide support in identifying areas to target from an operational perspective – e.g. staff 7 Item Subject Action absence.
- Counter Fraud Services will provide advice on lessons learned, awareness raising and prevention tactics.
- A group had been established to take forward work around developing a Standards of Business Conduct policy. This will reflect the obligations on employees to record any offers of gifts/hospitality in the Corporate Register of

Interests, Gifts and Hospitality maintained by the Board Secretariat. This will also be included in the review of Standing Financial Instructions which will be presented to the Audit and Risk Committee on 12th March 2024. The Audit and Risk Committee:

- Confirmed it had reviewed and scrutinised the information provided in the paper and agreed that it provided assurance in relation to the status of the ongoing investigations within the Board and progress to Counter Fraud as part of the Board's annual action plan.
- Asked that the review of Standing Financial Instructions highlights the obligations in terms of the Corporate Register of Interest, Gifts and Hospitality.

National Fraud Initiative (NFI) Update

Two reports had been circulated. One summarised the results for the data matching exercise for the NFI 2022/23 and one giving a more detailed analysis. The NFI counter fraud exercise matches electronic data across public and private sector bodies to prevent and detect fraud. It is undertaken bi-annually across the UK public sector. In NHS Grampian the review of matches included payments to suppliers, payroll and potential conflicts of interest. This required considerable input from Finance and Payroll colleagues.

The exercise did not identify any instances of fraudulent activity or unauthorised payments.

It did identify 41 instances of overpayments made to NHS Grampian suppliers which were deemed to be due to genuine human error and actions had been agreed to recover payments made. No conflict of interest or payroll fraud was identified.

4 Aberdeen City IJB Risk, Audit and Performance Committee

4.1 The Aberdeen City IJB Risk, Audit and Performance Committee met on the 2 April 2024 and there was one main area that has relevance for Aberdeenshire IJB.

4.2 Internal Audit Report – IJB Hosted Systems

The level of net risk was 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.

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.

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.

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

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.

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.

5 Moray IJB Audit Performance and Risk Committee

5.1 The Moray IJB Audit Committee last met on 29 February 2024.

5.2 The meeting considered:-

5.2.1 Internal Audit Section Update Report

Audit Plan 2023/24

It is pleasing to report that all the projects included in the Audit Plan for 2023/24 have been completed.

However, from the follow-up reviews of audit reports issued in previous years, recommendations were noted that required revised implementation dates. This is of concern, but the ongoing workload and staffing issues are appreciated.

Follow Up Reviews

Internal Audit reports are regularly presented to members detailing not only findings but also the responses by management to the recommendations with agreed dates of implementation. Internal Audit will also undertake follow up reviews to evidence the effective implementation of these recommendations. Please see detailed the following completed follow up reviews:

Cyber Security

This follow up review checked the implementation of recommendations detailed from an audit undertaken into the Council's control arrangements regarding cyber

security. Cyber security concerns the protection of computers, servers, mobile devices, electronic systems, networks, and data from malicious attacks. Cyber security controls are designed to combat threats against networked systems and applications, whether those threats originate from inside or outside an organisation. The Scottish Government in 2020 issued a Cyber Resilience Framework to all Local Authorities. The Framework includes a self-assessment tool to assist Local Authorities in improving their cyber resilience and compliance with a range of legislative, regulatory, policy and audit requirements. The audit programme was developed from this Cyber Resilience Framework and other good practice guidelines. The impact of a successful cyber attack would immediately affect the delivery of services.

The follow up review found that significant work has been undertaken by the Information, Communication and Technology (ICT) Service to ensure effective cyber security controls. However, some audit report recommendations remain outstanding or need to be fully implemented. It is important to highlight that maintaining an effective cyber security control environment is the responsibility of not only the ICT Service but also every officer and member.

Social Care & CareFirst System Information Governance

An audit was undertaken into how information relating to social care service users is recorded, accessed and kept up to date. The Council uses a system known as CareFirst to record and manage social care cases for both adult and children's services. CareFirst is a long standing widely used application within the public sector for recording social care data. Due to the limitations of CareFirst, information regarding social care users is retained on a Council server or in paper files. The audit also checked the management arrangements for reviewing case files and access controls of who can view, add, amend or delete information, recognising that restricted access has to be balanced with a need for prompt availability of information for officers who require it to deliver services effectively.

The follow up review found that a number of recommendations remain outstanding. Workload and staffing issues are appreciated in delaying the implementation of the recommendations. However, as the Chief Internal Auditor, I am concerned about whether the CareFirst System remains fit for purpose as the primary recording database for the management of social care service users.

5.2.2 Internal Audit Section Completed Projects Report

In line with the approved internal audit plan, the following reviews were completed:

Moray Integrated Community Equipment Store

A review of the Occupational Therapy Store, now known as the Moray Integrated Community Equipment Store, has been undertaken. Occupational Therapy stock comprises aids and equipment issued to service users to help with various daily tasks, including cooking, dressing and bathing. The individual items of equipment held can vary in value from a few pounds to upwards of £1,000 for certain types of hoists and specialised seating. The total stock turnover for 2022/23 amounted to approximately £500,000.

A particular feature of this store is that it also deals with returns of equipment that is no longer required, and where possible, this equipment is decontaminated and made available for reuse. The audit reviewed the systems and controls in managing the store, covering purchases, issues and storage of stock items.

Significant findings were found where improvements are required to current operating arrangements.

Debtors

An audit review of the Council's Debtors System has been undertaken. Invoices are raised for various types of services, eg financial contribution for care. For the financial year 2022/23, approximately 70,000 invoices were raised to a value of £15.4 million. Testing involved a check to ensure invoices can be evidenced with enough backing documentation to be able to support debt recovery should the need arise; confirm payments had been auto matched to debtor accounts; receipts without a valid reference have been posted to and cleared from a suspense account on a regular basis; effective monitoring of unpaid invoices are monitored and chased in accordance with debt recovery procedures; collection performance is monitored and reported

6 Equalities, Staffing and Financial Implications

- 6.1 An equality impact assessment is not required because the reason for this report is for the Committee to agree its own business planner.
- 6.2 There are no staffing and financial implications arising as a direct result of this report.

Chris Smith
Chief Finance and Business Officer
23 April 2024

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 3 MAY 2024

UPDATES FROM AUDIT SCOTLAND PUBLICATIONS

1 Recommendation

- 1.1 The Committee is recommended to discuss and note the details of the publications contained within the report with reference to those matters of relevance to Aberdeenshire IJB.**

2 Background / Discussion

- 2.1 This report provides an update on recent publications from Audit Scotland.

3 Audit Scotland Reports

3.1 NHS in Scotland 2023

- 3.1.1 The annual report on NHS Scotland was prepared by Audit Scotland in February 2024.

3.1.2 Introduction

- An annual report on the NHS in Scotland is published to provide assurance over NHS Scotland's performance and finances and to assess the progress of ongoing reforms.

- The NHS in Scotland 2022 report focused on progress against the NHS Recovery Plan 2021–2026 (published in August 2021), as the health system emerged from the Covid-19 pandemic. It highlighted that progress against recovery ambitions had been slow, and that the financial, workforce and demand pressures faced by the NHS presented an ongoing risk to recovery from the pandemic.

- The 2023 report reflects the need for short-, medium- and long-term investment and reform to ensure the future sustainability of the NHS in Scotland. It provides an update on the implementation of longer-term reforms, such as the Sustainability and Value Programme and the Care and Wellbeing Portfolio approach, alongside reporting on how recovery has progressed.

- This includes an increased focus on funding and financial performance, position and sustainability compared to our recent reports; analysis of service performance and patient safety; and progress on wider reforms aimed to ensure services are sustainable into the future.

3.1.3 Key Messages

1 Significant service transformation is required to ensure the financial sustainability of Scotland's health service. Rising demand, operational challenges and increasing costs have added to the financial pressures on the NHS and, without reform, its longer-term affordability.

2 The NHS, and its workforce, is unable to meet the growing demand for health services. Activity in secondary care has increased in the last year but it remains below pre-pandemic levels and is outpaced by growing demand. This pressure is creating operational challenges throughout the whole system and is having a direct impact on patient safety and experience.

3 There are a range of strategies, plans and policies in place for the future delivery of healthcare, but no overall vision. To shift from recovery to reform, the Scottish Government needs to lead on the development of a clear national strategy for health and social care. It should include investment in preventative measures and put patients at the centre of future services. The current absence of an overall vision makes longer-term planning more difficult for NHS boards.

3.1.4 Recommendations

The Scottish Government should:

- develop and publish a national NHS capital investment strategy in 2024, stating how spending is being prioritised and the overall estate is being managed
- ensure that the relationship between new financial engagement arrangements and the NHS Scotland Support and Intervention Framework is widely understood by stakeholders ahead of NHS boards preparing and submitting their 2024/25-26/27 financial plans
- publish a revised Medium-Term Financial Framework (MTFF) for health and social care, following publication of its wider Medium-Term Financial Strategy (MTFS) in 2024
- confirm which indicator(s) will be used to measure year-on-year reductions in waiting times
- publish a National Workforce Strategy update for health and social care that includes guidance on improving staff wellbeing and culture and indicative workforce growth projections in 2024
- revisit its NHS Recovery Plan commitments and use its annual progress updates to report clearly and transparently on what progress has been made and whether those commitments, or the targets and delivery timeframes related to them, need to change and why
- publish clear and transparent annual progress reports on: – the work being undertaken on the reform of services showing the effectiveness and value for money of new innovations and ways of delivering NHS services – the Care and Wellbeing Portfolio to better show how it is making a difference

- work with NHS boards, their staff, partners, and the public to develop a new long term vision for the wider health system by 2025 that sets out national priorities and recognises the interdependencies in the healthcare system, to enable the necessary reforms that will ensure the future sustainability of health services

The Scottish Government and NHS boards should:

- work together to progress the Value Based Health and Care Action Plan, empowering staff to take advantage of innovative opportunities for service reform and transformation and measuring the difference Realistic Medicine is making to outcomes and service sustainability
- ensure that the new approach to self-assessment within the revised Blueprint for Good Governance in NHS Scotland is rolled out across all NHS boards in 2024 and that any areas for improvement identified are addressed

3.2 **Best Value Moray Council**

3.2.1 A Best Value review of Moray Council was published by the Accounts Commission Controller of Audit in March 2024.

3.2.2 **Commission Findings**

A number of key findings were detailed by the Commission –

- We note that the council has received six Best Value reports since 2006. These reports have consistently highlighted that while the council has made improvements, the pace of progress has not been fast enough. Despite this extended series of reports, the council still needs to accelerate the pace of change to deliver the significant progress needed to demonstrate Best Value for its citizens. Our specific findings that follow are therefore focused on supporting the council to make the necessary improvements.
- The Commission is extremely concerned by the council's reliance on unidentified savings to deal with its significant forecasted budget gap, and agrees with the Controller that the continued use of useable reserves is not sustainable.
- To bridge its budget gap and ensure its financial sustainability, the council must accelerate the pace and ambition of its transformation plans, and most importantly it must show clear, sustained evidence of this transformation. We therefore expect the council's Improvement Modernisation Programme to set out clear deliverables, deadlines and lines of accountability. In doing so the council must ensure strong financial management and put in place arrangements to ensure the accuracy of its forecasting and its in-year budget monitoring.
- The council has an ambitious capital plan, much of which is planned to be financed through loans. We are surprised that capital and revenue plans are not more clearly integrated, especially given the revenue implications of the high level of borrowing planned, and this should be done as a matter of urgency. The council should also demonstrate how it intends to prioritise its capital investment in line with the council plan.
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- 2024, the council still had not published its annual performance report for 2022/23, and is therefore not meeting its statutory requirement to publish this information in a timely manner. While the council has an effective approach to reporting service performance, Commission findings it must make improvements in the timeliness of overall performance reporting and urgently finalise its approach

to self-evaluation. We expect the council to set out a timeline to deliver these improvements. This will enable the council to promptly address areas of poor performance relative to other councils.

- We acknowledge long-standing issues with recruiting senior staff, particularly in finance as well as in the leadership of its transformation programme. As a result of these issues, the Commission has real concerns about the capacity of the council to make the step change that is needed to deliver its transformation plans at the scale and pace required whilst also maintaining and improving everyday service delivery. The council therefore needs to demonstrate how it will close this capacity gap.
- Linked to this, the council has long-standing issues related to a lack of effective cross-party working, highlighted in previous Best Value reports, and this continues to be a strong concern expressed in the Annual Audit Report (particularly regarding the Audit, Risk and Scrutiny Committee) and the Controller's report. We are therefore pleased to see that the council has sought external support and strongly encourage the continued use of this support, particularly in light of the forthcoming retirement of the Chief Executive. Further, we are pleased to note that the council's recent Budget for 2024/25 was agreed on a cross-party basis, and hope that these encouraging signs continue.
- The way in which public audit operates means that, inevitably, there can be time lags between audit work being completed and reports coming to the Commission. In Moray's case, it appears to the Commission that, since the Annual Audit Report was completed, some positive steps have been taken, though these steps have not yet been subject to audit. We note that the council intends to bring its improvement actions together in a Best Value action plan, by April 2024. It will be important for this plan to consider the issues highlighted in this and previous reports to demonstrate sustained pace and momentum.
- The actions identified from the audit will be followed up in future annual audit reports to the council, and the Commission asks the Controller of Audit to monitor the council's progress and report back to the Commission with any concerns if she deems it necessary.
- We also look forward to our forthcoming meeting with the council, which we undertake following all reports on Best Value, where we will be looking to discuss all of the Commission's findings, in particular around effective political leadership and the council's Best Value action plan.

4 Equalities, Staffing and Financial Implications

- 4.1 An equality impact assessment is not required because the reason for this report is for the Committee to agree its own business planner.
- 4.2 There are no staffing and financial implications arising as a direct result of this report.

Chris Smith
Chief Finance and Business Officer
23 April 2024

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 3 MAY 2024

IJB AUDIT COMMITTEE TERMS OF REFERENCE AND ASSURANCE FRAMEWORK UPDATE

1 Recommendation

- 1.1 **The Committee is recommended to note that a review of the IJB Governance Handbook has been undertaken and approved by the IJB including the refresh of the IJB Audit Committee Terms of Reference and proposals for the assurance framework to be included in the Handbook.**

2 Background / Discussion

- 2.1 A review of the IJB Governance Handbook has been undertaken and amendments made, both as a result of audits, professional committee support and alignment between Committees.

3 Terms of Reference

- 3.1 The Terms of Reference for the Audit Committee were reviewed and agreed by the IJB in March 2022 on the adoption of the Governance Handbook. In July 2023 a report was considered by the IJB Audit Committee proposing that it was appropriate to review their Terms of Reference and to consider developing an assurance framework that can be used by IJB Audit Committee members whilst considering reports.
Rather than incorporating that assurance framework within the Terms of Reference of the Audit Committee we have included a new Assurance Framework for use by any of the IJB and its Committees as part 7 of the Handbook.
- 3.2 Amendments to the Handbook approved included amendments to the Audit Committee Terms of Reference, specifically quorum and meetings and the addition of the new “Assurance Framework”.
- 3.3 Sometimes it can be difficult to achieve the necessary quorum and accordingly to ensure that meetings and the IJB work continues to flow, uninterrupted, without lengthy disruption, we have proposed reducing quorum numbers for the CASWG Committee. Both IJB Audit Committee and CASWG Committee would accordingly only require 3 members (in addition to the Chair/Vice) going forward and this maintains consistency across the two committees.
- 3.4 With regards to the meetings it would be beneficial to have a pre-agreed timetable to comply with Agenda Publication. Minutes will be circulated with the reports for the next agenda. Committee Officer support will ensure all minutes follow a consistent template as will reports.

3.5 It is important that all papers/reports clearly state if they are accessible to the public or not public. The proposed wording ensures partnership information from an NHS source has been given due consideration.

3.6 **Terms of Reference Detail**

Audit Committee Terms of Reference

Constitution

The IJB shall appoint the Committee. The Committee will consist of not less than six members of the IJB. Four members will be voting members of the IJB, and two members will be non-voting members of the IJB. The Committee will include an equal number of voting members from NHS Grampian and Aberdeenshire Council. The Committee will follow the Integration Joint Board Standing Orders unless otherwise provided for in these Terms of Reference.

Quorum

Full Capacity

The meeting will be considered quorate when the Chair or Vice Chair and a minimum of 3 (three) other committee Members are present. There should be a minimum of one voting member from each of the constituent authorities. No business shall be transacted unless the minimum number of Members are present. For the purposes of determining whether a meeting is quorate, Members attending by either video or tele-conference link will be determined to be in attendance.

Temporary Vacancy

In the event that there is a temporary vacancy, and the quorum is not met as above, then a minimum of 3 (three) members will suffice provided that there is one voting member of each of the constituent authorities.

Voting (Full Capacity)

Refer to principles set out in the Standing Orders.

Voting (Temporary Vacancy)

In the event that Committee wish to vote on a matter and there is a temporary vacancy in the voting membership of the Audit Committee resulting in only 3 voting members being present, the Audit Committee, after consideration of any potential risks in delaying a decision, will decide which of the following procedures to follow:-

- a. If all 3 (three) members are in agreement, then a decision may be confirmed; or
- b. If there is any dissent in the decision :-
 - (i) the committee may take a decision by the casting of lots; or
 - (ii) to instruct the Chief Officer to bring back a further report with such clarification as may be appropriate to a future meeting of the Audit Committee

By way of clarification the person presiding at the meeting does not have a second or casting vote.

Attendance at meetings

The Chief Officer, Chief Finance Officer, Chief Internal Auditor and other Professional Advisors and senior officers will be required to attend meetings as a matter of course. External Audit or other persons shall be expected to attend meetings at the invitation of the Committee. The Chair and Vice-Chair or any other IJB member may attend meetings if they wish.

The external auditor will attend at least one meeting per annum.

The Committee may co-opt additional advisors as required.

Meeting Frequency

Committee Officer support for the Audit Committee will be provided by Aberdeenshire Council.

The Committee will meet at least four times each financial year. A calendar of meetings for each year will be agreed and distributed to Committee members. Additional meetings may be convened by the Chair whenever necessary. There should be at least one meeting a year, or part thereof, where the Committee is given the opportunity to meet the external and Chief Internal Auditor on an informal basis without other senior officers present.

Agenda items and reports will be requested four weeks in advance of the meeting date and must be received by the administrator within two weeks of the meeting date. Agenda items and reports will be requested according to a pre-agreed annual timetable, to comply with agenda publication.

All papers must clearly state:

- The agenda reference;
- The author;
- The purpose of the paper;
- The matters the Committee is asked to consider;
- The actions on which the Committee is asked to advise, including whether the report is public or not public.

The agenda and associated papers will be circulated to members, a minimum of one week ahead of the meeting.

Late agenda items and reports will be sent to the Chair to determine whether they will be included at the meeting.

A formal minute of the Committee meeting will be taken. The draft minute will be included on the agenda for the next meeting of the Committee for approval. The Minute will be considered, corrected, if need be, and where they are held to be a correct record of the Meeting, they will be signed where possible, by the person presiding and given to the Committee Officer. Where the person presiding is no longer available the Minute will be signed by the current Chair.

The minutes and reports will follow an agreed template to ensure consistency with other IJB committees. If the Chief Officer or Chief Finance Officer consider that a Report (or any part of a report) relates to an item of business

which, in their option, the Meeting is likely to consider in private, the report (or part of that report) will either be marked:-

“Not for Publication” and every copy of the report (or the appropriate part of a report) will reference a description of the exempt information the Report contains, in keeping with the law; or

“Confidential” and every copy of the report (or the appropriate part of the report) will state that it contains confidential information.

Papers which contain confidential information will not be available to the general public. The types of information that are classed as exempt can be found in Part 5 of this Handbook.

The Committee may arrange additional workshops and training sessions to support its work and development of members.

Committee Effectiveness and Development Needs

- 3.7 The Terms of Reference previously stated that the Committees would review their effectiveness and consider their development and training needs at least annually. A development session with all members of IJB Committees was held to facilitate a robust review of each of the Committee’s effectiveness, including whether they have the structure, processes, people and performance to deliver their remits. Self-evaluations by members were completed in or around January /February 2024 and those reviews/self-evaluations considered how the Committees interact with officers and with the IJB as a whole.
- 3.8 Following the completion of the self-assessment by members, an action plan will now be developed for the Committees from the data gathered. That action plan once devised and implemented will require to be tracked and monitored and will include relevant development and training needs for the committees.

Assurance Framework

- 3.9 Scrutiny, or challenge and review is fundamental to transparent, accountable decision making and performance improvement. Scrutiny is about assessing the impact of strategic policy and planning on communities and residents and the performance and quality of services. The role of IJB members is to provide a “critical friend” challenge to decision making, to reflect the voice and concerns of residents and communities, to lead and to own the scrutiny process and importantly to have a positive impact on the delivery and improvement of services. The goal of all scrutiny activity should be to improve performance and members should bear this in mind when contemplating scrutiny activity, including understanding the value that the IJB or committee can bring.
- 3.10 In order to provide structure and to guide consideration of scrutiny activity and assurance, a proposed Assurance Framework has been developed. This will assist the IJB and its Committee in determining whether they are sufficiently assured by matters brought to them.

- 3.11 The IJB Assurance Framework approved sets out four sequential phases for consideration. Any reference to Committees includes the IJB other than in Phase Three.

Phase Zero

This is the initial decision point for the Committee allows them to determine whether or not they are sufficiently assured with a report. This will mainly focus on the internal audit reports but is not restricted only to this. Where the Committee is assured, no further action is required. Where the Committee is not assured, they can consider whether they wish to move to Phase One of the Assurance Framework.

Phase One - Report

The proposed Phase One of the Assurance Framework is that, where the Committee are not sufficiently assured, the Committee identify the specific issues where further assurance is required and request a Report back within an agreed timescale on the issues identified along with actions being undertaken to resolve the issues. When requesting further scrutiny, the Committee must be clear on what the matter identified for improvement is, and what improvements are expected. These must be realistic and achievable, and capable of being measured through the use of SMART (Specific, Measurable, Achievable, Realistic and Timescale)

indicators. The report will then come back to the Committee for consideration. Following consideration, the Committee will then need to consider whether or not they are sufficiently assured.

There are three potential routes thereafter.

One would be that the Committee is assured, and so no further action is required.

The second option could be that the Committee is assured however wish to monitor progress until the recommendations are signed off.

The third option is that the Committee is not sufficiently assured and so want to move to the next Phase of the Assurance Framework.

Phase Two - Workshop

Where the Committee are not sufficiently assured following Phase One, the Committee can move to Phase Two which could be a workshop session where the relevant stakeholders and Committee members come together to explore the issues, ask detailed questions and discussion on actions being taken to resolve the issues. A report summarising the discussion will then come back to the Committee for consideration. Following consideration, the Committee will then need to consider whether or not they are sufficiently assured.

There are again three potential routes thereafter.

One would be that the Committee is assured, and so no further action is required.

The second option could be that the Committee is assured however wish to monitor progress until the recommendations are signed off.

The third option is that the Committee is not sufficiently assured and so want to move to the next Phase of the Assurance Framework.

Phase Three – Escalation to IJB or Investigation

In a situation where the Committee is not sufficiently assured following Phase Two, the next step is to refer the matter to the IJB with a note of the concerns of the IJB Audit Committee along with a summary of the risks and recommendations to the IJB for resolution.

- 3.12 The phases as described above provide clear options for the Audit Committee to consider when determining whether or not assurance has been provided on particular issues. The phases are designed to be sequential, with ultimate escalation to the IJB for consideration where the Committee remain unassured. The proposed assurance framework is presented with recommendation for approval and adoption.

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Chris Smith
Chief Finance and Business Officer
23 April 2024