

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