Aberdeenshire
C O U N C I L   **Business Services**

**REPORT TO THE ABERDEENSHIRE INTEGRATION JOINT BOARD
AUDIT COMMITTEE – 21 AUGUST 2019**

INTERNAL AUDIT REPORTS

1.   Recommendation

1.1   The Committee is requested to review, discuss and comment on the issues raised within this report.

2.   Discussion

2.1   This report advises the Committee of a completed audit relating to the Integration Joint Board (para 3.1, below). Appropriate officers agreed the factual accuracy of the Internal Audit report prior to issue and action has been agreed to address the issues identified. The report also gives an update on progress with implementing agreed recommendations.

2.2   It was agreed by Aberdeenshire Council's Scrutiny and Audit Committee on 22 September 2016 that outputs from audits relating to Adult Social Care Services in the Council would be reported, for information, to the IJB Audit Committee. This report also contains the summary of such a report, as reported to the Council's Audit Committee on 4 July 2019 (para 3.2, below).

2.3   The Chief Finance Officer and Legal Monitoring Officer within Business Services of the Council have been consulted in the preparation of this report and any comments made have been incorporated within the report and they are satisfied that the report complies with relevant legislation.

3.   Internal Audit Reports

3.1   Business Continuity (Internal Audit Report 1940 – July 2019)

3.1.1   Business continuity is the strategic and tactical capability of an organisation to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable predefined level. This is achieved through the use of risk assessments, business impact analyses, the development of business continuity plans, and the continual testing, reviewing and updating of these plans.

3.1.2   Business impact analyses (BIAs) involve establishing the critical activities of an organisation so that these areas can be prioritised in the event of an incident. A Business Continuity Plan (BCP) will typically contain action plans and task lists, resource requirements, responsible person(s) and forms, templates and annexes.

3.1.3   The Civil Contingencies Act (2004) establishes both NHS Grampian (NHSG) and Aberdeenshire Council as Category 1 responders. The Act

requires Category 1 responders to maintain plans to ensure that they can continue to exercise all of their functions in the event of an emergency so far as is reasonably practicable. It is therefore expected that the Integration Joint Board (IJB) ensures business continuity arrangements are in place for the Aberdeenshire Health and Social Care Partnership (AH&SCP), including ensuring BCPs are maintained, tested, reviewed and updated.

3.1.4   The objective of this audit was to provide assurance that Business Continuity arrangements and related plans are fully integrated, tested and harmonise with Care for People, CONTEST (the United Kingdom's Strategy for Countering Terrorism), occupational health, fire safety, manual handling, Healthcare Associated Infections (HAI), Health & Safety, governance and winter planning arrangements.

3.1.5   The Partnership has high level resilience and business continuity planning governance arrangements and procedures in place.

3.1.6   BCPs are produced at an operational level for individual establishments. There are no plans at Locality level, and no plan to implement this – each separate service and establishment has its own set of plans and priorities. These are in the process of being combined with BIAs, Business Continuity Detailed Response Plans and Recovery (BCDRP) and Emergency Response Plans (ERP) into one framework known as the "Red Folder". These are not yet all in place, and some have not been updated since Integration in 2016 and are therefore not accessible through shared Partnership systems. Procedures for creating, reviewing, testing and updating the Folders' contents have not been documented. The Service is continuing to develop the process, clarify procedures, and will provide relevant training. It is planned to have all establishments' Folders updated by January 2020.

3.1.7   The extent to which these can be applied will vary depending on the incident. The Service has stated that incidents are categorised at the point the Senior Manager On Call (SMOC) takes ownership. Decisions to declare an incident are taken by the Executive Director On Call (EDOC) or Disaster and Emergency Response Coordinator (DERC), and will be escalated to the relevant Partner/s as necessary. When this happens the Partnership will act as instructed.

3.1.8   Reliance is also placed on contracted suppliers of services to deliver many of the Partnership's requirements. A standard email will go out to practitioners (other than GP's for which assurance is already obtained) requesting annual assurance that an up to date BCP is in place.

3.2   Very Sheltered Housing (Internal Audit Report 1942 – May 2019)

3.2.1   There are 6 Very Sheltered Housing establishments across Aberdeenshire located in Banchory, Banff, Fraserburgh, Inverurie, Mintlaw and Turriff. These provide a secure, sheltered environment for older people, people

with disabilities or people at risk, helping them keep their independence and privacy while providing care and support.

3.2.2   For 2018/19 budgeted expenditure for the Very Sheltered Housing Service was £3.75 million net of £1.4 million of income.

3.2.3   The objective of the audit was to provide assurance that income, expenditure, inventories, and tenant's records were adequately controlled. Procedures in use varied between establishments and would benefit from standardisation (where appropriate), and a number of minor errors were identified in their application.

3.2.4   The Service has agreed to redistribute existing guidance and review elements specific to Very Sheltered Housing, particularly where there has been variation in practice, including: mail procedures, tenants information packs and checklists, guest room bookings, amenity fund administration, staff meals, use of purchase cards, and maintenance of inventories. Consideration will also be given to the ongoing need for petty cash.

3.2.5   For payments to staff, supporting records are not always consistently maintained. Although all timesheets are authorised, it would be difficult for managers to fully reconcile hours claimed with hours worked. Two payroll overpayments and one underpayment were identified and have been corrected. A review of how the timesheet process is working will be undertaken by the Service to ensure it remains effective, and managers will be reminded of the existing requirements in the interim.

3.2.6   The Service leases 4 of 6 very sheltered housing establishments. Records are not typically maintained by the Service of chargeable activities under the leases, and invoices are not typically reconciled with the agreements prior to making payment. The Service is reviewing asset management (leasing) and will include these leases within the scope of that work.

4.   **Progress with agreed recommendations**

4.1.1   Appendix A to this report show progress made by the Integration Joint Board with completing agreed Internal Audit recommendations. Internal Audit usually reports progress with this on an annual basis, as part of its Annual Report. The Committee considered this at its meeting on 19 June 2019. As there were a number of recommendations that were under discussion between the Service and Internal Audit at that time, the Committee requested that an update be provided to this meeting of the Committee.

4.1.2   Where recommendations have not been completed by their original due date, reasons are provided along with the grading applied to the recommendation in the original Internal Audit report. An explanation of the gradings used is shown at appendix B.

4.1.3   Where it has been confirmed that all actions contained in reports issued before April 2019 have been fully completed, these reports are no longer shown.

5.   Implications and Risk

5.1   An equality impact assessment is not required because the reason for this report is for Committee to discuss and comment on the findings of Internal Audit work and there will be no differential impact, as a result of this report, on people with protected characteristics.

5.2   There are no staffing or financial implications arising directly from this report other than those implicit in the tightening of internal controls recommended in the Internal Audit reports.

5.3   The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management.

CHIEF INTERNAL AUDITOR
Report prepared by David Hughes, Chief Internal Auditor.
14 August 2019.

Appendix A

POSITION WITH AGREED RECOMMENDATIONS INCLUDED IN INTEGRATION JOINT BOARD INTERNAL AUDIT REPORTS AS AT 14 AUGUST 2019

Note: This is on an exception basis, where all recommendations in a report have been implemented, the report is not shown.

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 30.06.19	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
1749	**Post Integration Review**	September 2017	11	11	7	**4**	3 Significant 1 Important
The position with the overdue recommendations is as follows:							

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Chief Officer	The Board should explore the development of a Scheme of Delegation (2.1.4)	Significant December 2017	The Committee was advised in June 2018 that the H&SCP Management Team recognise the importance of such a mechanism however, as the legislation does not provide for a Scheme of Delegation, the Management Team are now considering the most suitable way to put in place appropriate governance arrangements which satisfies the principles of such a scheme. As this is a key piece of work requiring engagement, a revised completion date of April 2019 was suggested. The Committee was advised in June 2019 that the latest update was that progress was being discussed between the Service and Internal Audit. *(continued over page)*

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(1749 – Post Integration Review – Continued)				

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
	2.1.4 continued		The latest update is that the Service has advised that delegations are in place for the Committees of the IJB and reflected in their terms of reference. The legal basis for delegating powers to Officers has still to be determined. Advice will be sought from the Council's Legal team and the issue will be further discussed in national forums. A revised implementation date has still to be confirmed.
Chief Officer	An asset management plan should be developed and approved by the IJB (2.1.7)	Significant December 2017	The Committee was advised in June 2018 that the Service anticipated that this would be complete by the end of December 2018. The Committee was advised in June 2019 that the latest update was that progress was being discussed between the Service and Internal Audit. The latest update from the Service is that, due to staff absence and turnover, the team addressing this has had limited capacity to progress this action. They are actively involved in both Partners' capital planning groups, but a strategic plan has still to be concluded. It is anticipated this will be in place by January 2020.

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(1749 – Post Integration Review – Continued)				
Chief Officer	Overdue Recommendation	Grading / Due Date	Position	
Chief Officer	The IJB should agree a process for the approval and issue of Directions (2.1.16)	Important April 2018	The Committee was advised in June 2018 that the Service had advised that they are developing an approach to do this locally, but the formal approval process is not yet complete. This was to be done by October 2018. The latest update from the Service is that guidance will be completed following the issue of Directions over several months and the gathering of feedback on the process. This is ongoing and Directions have been prepared and issued, with supporting Board reports, for the 2019/20 Budget and new or revised change projects. The process will be finalised and documented by January 2020.	
Chief Officer	A risk management strategy including risk appetite, management, and periodic reporting, should be developed and approved by the IJB (2.2.4)	Significant April 2018	The Committee was advised in June 2018 that the Service had advised that a development session was completed early in 2018 but further development work is required before a formal position is reached. This was be complete by October 2018. The Committee was advised in June 2019 that the latest update was that progress was being discussed between the Service and Internal Audit. The latest update from the Service is that a risk management policy was agreed by the IJB in June 2019. Workshops have taken place on risk appetite, but this has yet to be formally concluded. A revised implementation date has still to be confirmed. Risk registers are reviewed quarterly by Officers and twice per annum by the IJB. This will be formalised in the risk management procedures which are to be rolled out by October 2019.	

Report Number	Report Title	Date Issued	Number of Recommendations				
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1848	**Transformational Funding**	June 2018	11	11	8	**3**	3 Significant

The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Chief Officer Alan Sharp	The Partnership should ensure that progress is made across all of the Work Programmes (2.1.8 b)	Significant October 2018	The Committee was advised in June 2019 that the latest update was that progress was being discussed between the Service and Internal Audit. The latest update from the Service is that each of the four workstreams has a programme board to provide governance and oversight. These meet regularly and are providing updates to the IJB. Not all have reported to date, and they are expected to do so by December 2019.
Chief Officer	The Partnership should ensure that robust budget monitoring records and reporting procedures are in place to demonstrate adequate budgetary control at both project and Work Programme level (2.4.6)	Significant October 2018	The Service has advised that funding arrangements for agreed transformational projects are going to be refreshed in 2019/20 with updated information on projected commitments and associated benefits. This will enable more robust monitoring procedures at both project and Work Programme level. This will be complete by the end of October 2019.

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(1848 – Transformational Funding – Continued)

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Chief Officer Alan Sharp	The Partnership should ensure that the narrative within Commissioning Plan progress reports can be verified to adequately detailed project delivery records (2.4.7)	Significant March 2019	The Committee was advised in June 2019 that the latest update was that progress was being discussed between the Service and Internal Audit. The latest update from the Service is that an end of year report was being prepared for the 2017-2019 Commissioning Plan. This describes work which has been progressed under each of the programme boards and will include links to project reports. The report is to be prepared by 31 October 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 30.06.19	Confirmed Implemented by Service	**Not implemented by original due date**	
AW1801	**Community Hospital & Home Care Staff Costs**	May 2018	17	17	10	**7**	7 Significant

The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Chief Officer Angie Wood	The Service should ensure budgets are aligned with the required establishments under the relevant model (2.2.4)	Significant April 2019	The IJB has agreed to invest in Community Hospital budgets during 2019/20. Work is ongoing to establish where additional investment is required. Although budgets are more effectively aligned, it is clear that additional pressures may be experienced as the system is required to flex to the demand and levels of patient needs. Further savings may be possible in some areas following further redesign. Even with redesign NHS T&Cs mean that salary protection may mean a continuing pressure on budgets.
Chief Officer Angie Wood	The Service should ensure approval is documented and retained and budgets are adjusted (within the overall resource envelope) for any changes to establishment (2.2.7)	Significant April 2019	As with 2.2.4, there is an awareness that staffing needs to be responsive to patient need and so pressures may occur. All budget changes will be required to be agreed locally and with approval of CFO. This will be ongoing in 2019/20.

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(AW1801 – Community Hospital & Home Care Staff Costs – Continued)				

Chief Officer	Overdue Recommendation	Grading / Due Date	Position	
Chief Officer Angie Wood	The Service should ensure that the skill mix and staffing establishment is reviewed at least annually at each Community Hospital in accordance with the Rostering Policy (2.2.7)	Significant April 2019	The rostering policy is an NHSG responsibility and outwith the control of the IJB.	
Chief Officer Angie Wood	The Service should ensure that Senior Charge Nurses and management have a suite of performance indicators which raise awareness of and control over matters relating to Community Hospital staffing (2.4.5)	Significant April 2019	As above, the IJB is awaiting the NHSG rostering policy. Implementation of this policy is a responsibility of NHSG.	
Chief Officer Iain Ramsay	The Service should ensure post budgets are aligned with the required establishments, and adjusted within the overall resource envelope for any changes (3.2.2)	Significant April 2019	The Service has advised that payroll system information is being reviewed to reflect current posts (including vacancies). This is an ongoing piece of work as the information will need to reflect the changing shape of the internal homecare service. The information for Central Aberdeenshire is fully up to date with South and North being concluded. A revised implementation date has still to be confirmed.	

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(AW1801 – Community Hospital & Home Care Staff Costs – Continued)				
Chief Officer	Overdue Recommendation	Grading / Due Date	Position	
Chief Officer Iain Ramsay	The Service should review options for charging for emergency cover (3.3.4)	Significant April 2019	The Service will discuss with the commissioning team as to the feasibility of having a charging system in place for missed visits within their contract. It will require a further 6 months to establish a mechanism for developing criteria and a charging system for such circumstances. Extension to January 2020 required.	
Chief Officer Iain Ramsay	The Service should record all instances of missed external visits, ensure these are not charged by the provider, and review the data to address performance issues (3.3.4)	Significant April 2019	The Service has advised that the internal service would always respond to an emergency situation and provide the necessary care. All missed visits will be recorded by practitioners within the contact records for each client. The practitioners then review invoices to ensure charging is in line with actual care delivered. The Service can issue further guidance to teams to ensure this process is followed. A revised implementation date has still to be confirmed.	

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 30.06.19	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
1931	**IJB Risk Management**	February 2019	6	5	3	**2**	1 Major 1 Significant

The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Chief Officer Mike Ogg	The Service should establish a complete set of Risk Management Procedures specifically for the IJB (2.1.5)	Major June 2019	The Service has advised that procedures will be finalised following the rollout of Datix to all establishments - which is being piloted at Edenholme in August 2019. It is anticipated that procedures will be in place by October 2019.
Chief Officer Lynn Boyd	The Service should review how risk management reporting can be more effectively coordinated and integrated (2.3.3)	Significant June 2019	The Service has advised that an action plan has been agreed at SMT regarding a standardised approach to risk management - risk registers will be produced on Datix using the defined structure in place and documentation and action plans will be attached. A risk template has also been agreed. This will be reflected in the procedures noted above, which will be in place by October 2019.

APPENDIX B

Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level / within audited area	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited. Financial Regulations have been consistently breached.
Significant within audited area	Addressing this issue will enhance internal controls. An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on a system's adequacy and effectiveness. Financial Regulations have been breached.
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.