

ABERDEENSHIRE INTEGRATION JOINT BOARD

AUDIT COMMITTEE

TEAMS MEETING, 30 MARCH, 2022

Audit Committee Members:

Councillor G Reynolds (Chair), Ms A Anderson (Vice Chair),
Mr D Hekelaar and Ms R Little.

Apologies: Provost W Howatson and Ms I Kirk.

In attendance: Ms A MacDonald, Senior Audit Manager, Audit Scotland.

Officers: Ms P Milliken, Chief Officer, Aberdeenshire Health and Social Care Partnership, Mr C Smith, Chief Finance Officer, Mr J Dale, Chief Internal Auditor, and Mr N David, Senior Committee Officer.

1. SEDERUNT AND DECLARATION OF INTERESTS

The Chair asked Members if they had any interests to declare. No interests were declared.

2. STATEMENT OF EQUALITIES

In making decisions on the following items of business, the Audit 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 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.

3. MINUTE OF MEETING OF AUDIT COMMITTEE ON 3 NOVEMBER, 2021

The Minute of Meeting of the Committee of 3 November, 2021 had been circulated and was **approved** as a correct record.

4. REVIEW OF ACTION LOG

There had been circulated a report by the Chief Finance Officer providing an update on actions which had been agreed at the meetings on 21 August, 2019 and 24 June, 2020.

The Chief Finance Officer provided an update in respect of outstanding actions on the Medium Term Financial Strategy (MTFS), explaining that a refreshed MTFS would be submitted to the meeting of the Integration Joint Board in June 2022; and

on business continuity planning arrangements for primary care providers, explaining that discussions had yet to be concluded.

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

5. AUDIT COMMITTEE BUSINESS PLANNER

There had been circulated a report dated 17 March, 2022 by the Chief Finance Officer, which provided a forward view of the work plan of the Committee.

The Chief Finance Officer introduced the report and reminded Members that the workplan covered: standing items; items that required to be considered at a specific point in the year; and one off items. He also advised that there was sufficient flexibility in the forward workplan to incorporate further items into future agendas and highlighted the reports which had been instructed by the Committee as well as reports expected to be submitted due to the remit of the Committee. These were detailed in an appendix to the report

The Committee **agreed** to acknowledge the current business planner for the Committee.

6. INTERNAL AUDIT PLAN 2022 - 2025

There had been circulated a report dated 15 March, 2022 by the Chief Internal Auditor which sought approval of the Internal Audit Plan 2022 - 2025.

The report explained that it was one of the duties of the Integration Joint Board (IJB) Audit Committee to review the activities of the Internal Audit function function, including its work programme.

The report presented the Internal Audit Plan for the period April 2022 to March 2025, as Appendix A. Appendix B included the relevant Adult Social Care Service audits within the Aberdeenshire Council Internal Audit Plan 2022.

The Chief Internal Auditor highlighted that in previous years, a single-year plan had been set out for approval. This provided less opportunity for the Committee to gain an understanding of the wider context. In addition, the Plan was not always concluded in full during the financial year to which it originally referred, due to changes in priority, risks and resources. There was therefore scope to develop and extend planning to provide a clearer picture of Internal Audit's work and priorities; and to provide flexibility in timing of elements of that work over an extended period. Therefor a three-year Plan was now set out.

The Committee **agreed** to:-

- (1) approve the 2022-2025 Internal Audit Plan; and
- (2) note that changes to the Plan may be required as the Plan period progressed.

7. RISK REGISTER AND RISK ASSURANCE

There had been circulated a report by the Service and Development Manager, Aberdeenshire Health and Social Care Partnership which provided an overview of the risk management process and assurance steps in relation to the management of risks and risks identified on the Risk Register. The Risk Register was appended to the report.

The report highlighted that there were currently 10 risks ranked “high” on the Risk Register, namely 3 non-clinical care and 7 of which related to clinical/care or both clinical/care and non-clinical. There were no “very high” or “severe” risks.

The Committee **agreed** to:-

- (1) note the assurance process in relation to the management and review of risks;
- (2) note the Risk Register in Appendix 1, as at 18 February, 2022, recognising that it was a live document;
- (3) note that the clinical and care risks were being reviewed by the Partnership Risk Group and Clinical and Adult Social Work Group on behalf of the Clinical and Adult Social Work Committee; and that the non-clinical/ non care risks would be monitored by the Risk and Assurance Group on behalf of the IJB Audit Committee; and
- (4) be assured that the steps detailed in the report were sufficient to capture and manage risks.

8. RISK ASSURANCE GROUP PROPOSAL

There had been circulated a report dated 18 March, 2022 by the Chief Finance Officer which proposed the establishment of a Risk Assurance Group.

The report explained that work had been ongoing to review the Health and Social Care Partnership organisational governance structure including current arrangements for management of risk. The effective management of risk was key to ensuring an organisation could deliver its strategic objectives.

The newly updated NHSG Risk Management Policy made clear the requirement and responsibility of sectors to ensure effective management of risk, including regular review of risk registers (at least monthly where risks were rated high). Previously this task was allocated to the Senior Management Team however this had not been systematically undertaken for some time. In line with work undertaken to establish robust and effective risk management arrangements for clinical and care governance, it was essential that similar arrangements were in place to monitor the non-clinical aspects of the Risk Registers relating to strategic, financial and estate matters. Therefore, to address this gap, it was proposed that a Risk Assurance Group be established to provide operational focus and oversight on these issues and to ensure action was being taken where required.

The Committee **agreed** to approve:-

- (1) the proposal to establish a Risk Assurance Group;
- (2) the Terms of Reference for the Risk Assurance Group; and
- (3) the proposed governance structure for the Risk Assurance Group;

9. EXTERNAL AUDIT – DRAFT ANNUAL AUDIT PLAN 2021/22

There had been circulated a report dated 21 March, 2022 by the Chief Finance Officer, including the External Audit draft Annual Audit Plan for 2021/22, to be carried out by Audit Scotland.

The report explained that the External Auditor's Audit Plan for the audit of the 2021/22 financial year was attached. This was year six of Audit Scotland's audit appointment, which was an additional year due to the impact of Covid-19. This was therefore the final year of the audit appointment for Audit Scotland. The appointment of the new auditor's would be reported to a future meeting of the Committee.

Having heard from Ms A MacDonald, Audit Scotland, the Committee **agreed** to note the draft Audit Plan for External Audit for 2021/22, as detailed in the report.

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 30 MARCH 2022

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

17 March 2022

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)
1 June 2022 (TBC)						
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 2021/22 External Audit	Update on External Audit for 2021/22		Anne MacDonald	External Auditor	
	Annual Governance Statement 2021/22	Review and agreement of Annual Governance Statement		Chris Smith	Chief Finance and Business Officer	
	Unaudited Accounts for 2021/22	Review of Unaudited Annual Accounts		Chris Smith	Chief Finance and Business Officer	

	Review of Strategic Planning Arrangements	Update to Committee on Strategic Planning Arrangements		TBC	TBC	
	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	

**REPORT TO THE ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT
COMMITTEE – 30 MARCH 2022**

INTERNAL AUDIT PLAN 2022-2025

1. Executive Summary

1.1.1 This report presents the draft Internal Audit Plan for 2022-2025 to Committee for discussion and approval. Public Sector Internal Audit Standards require that Internal Audit produce a risk based Internal Audit plan for each year and that this be approved by the “Board”. It is one of the functions of the Audit Committee to review the activities of the Internal Audit function, including its work programme. This report presents the Internal Audit plan for the period April 2022 to March 2025, which is attached as Appendix A to this report. Appendix B includes relevant Adult Social Care Service audits within the Aberdeenshire Council Internal Audit Plan 2022-25.

1.2 Recommendation

The Committee is recommended to:

1.2.1 Review, discuss and comment on the contents of this report and the attached appendices, and thereafter approve the 2022-2025 Internal Audit Plan; and

1.2.2 Note that changes to the plan may be required as the Plan period progresses;

2. Decision Making Route

2.1 The IJB Audit Committee currently receives the Internal Audit Plan for approval on an annual basis. The attached draft plan has been discussed with management and agreed with the Aberdeenshire Council Strategic Leadership Team. It has not been considered by this, or another Committee, previously.

3. Discussion

3.1 It is one of the duties of the Integration Joint Board Audit Committee to review and approve the Internal Audit plan on behalf of the Integration Joint Board and, thereafter, receive reports on that planned work.

3.2 The Internal Audit plan, as it relates to the Integration Joint Board, is attached at Appendix A. Assurance will also be taken from the wider work of Internal Audit within Aberdeenshire Council, including specific work relating to Adult Social Care Services.

3.3 All audits included in the attached plan, as well as those in future plans, will help inform Internal Audit’s opinion on the adequacy and effectiveness of the IJB’s framework of governance, risk management and control. Where

opportunities for improvement in controls and their application, or improvements in value for money, are identified these will be reported along with recommendations for management to consider.

- 3.4 In previous years, a single-year Plan has been set out for the Committee's approval. This provided clarity over planned work during each financial year, as changes in the risk environment were often less pronounced over a shorter period. However, this provided less opportunity for the Committee to gain an understanding of the wider context or 'audit universe'. In addition, the Plan was not always concluded in full during the financial year to which it originally referred – due to changes in priority, risks, and resources.
- 3.5 There is therefore scope to develop and extend planning to provide a clearer picture of Internal Audit's work and priorities, and to provide flexibility in timing of elements of that work, over an extended period. Therefore, for 2022-2025, a three-year Plan has been set out in Appendix A; this includes rationale for selection.
- 3.6 With approval of the plan, we will work with individual leads to schedule the audit work for the year. This will look to match our internal resourcing but also ensure that it is suitable for those relevant stakeholders across the IJB. We will aim to ensure that leads are not inundated with consecutive audits and that fieldwork, where most input is required, is at a time which does not clash with other priorities or commitments. This approach has meant that at this stage we cannot present to the Committee when we expect each audit to be reported. However, through enhanced engagement at the planning stage and more involvement from the auditee, we hope that this will alleviate some of the delays seen previously and result in more timely completion of planned audit work. When we have agreed the timings for individual audits within the plan, we will present these to the Committee.
- 3.7 Outputs from the IJB Internal Audit plan will be shared with Aberdeenshire Council's Audit Committee once they have been considered by the IJB Audit Committee.
- 3.8 Aberdeenshire Council's Audit Committee will review the 2022-25 Internal Audit Plan relating to Adult Social Care Services in the Council on 31 March 2022, and the basis on which the plan was developed overall. A verbal update will be provided to this Committee based on the outcome of the Audit Committee's decision. A draft is attached as Appendix B to this report. If agreed by the Council's Audit Committee, and when progressed, outputs from these reviews will be shared with the Aberdeenshire IJB Audit Committee for information once they have been considered by Aberdeenshire Council Audit Committee. Any revisions to the proposals will be notified to the IJB Audit Committee at future meetings.

4. Council Priorities, Implications and Risk

- 4.1 The work of Internal Audit covers all the Council's Priorities. It aims to provide assurance over the adequacy and effectiveness of the Council's framework of governance, risk management and control, which underpin the delivery of all the Priorities.

4.2 The table below shows whether risks and implications apply if the recommendation is agreed.

Subject	Yes	No	N/A
Financial		x	
Staffing		x	
Equalities and Fairer Scotland Duty		x	
Children and Young People's Rights and Wellbeing		x	
Health and Wellbeing		x	
Town Centre First		x	
Sustainability		x	

4.3 An integrated impact assessment is not required because the reason for this report is for Committee to discuss and comment on the Internal Audit Plan for 2022-2025 and there will be no direct impact, as a result of this report.

4.4 There are no staffing or financial implications arising directly from this report.

4.5 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.

5. Scheme of Governance

5.1 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.

5.2 The Committee is able to discuss this item in terms of Sections G.1.1.d and G.1.4 of the List of Committee Powers in Part 2A of the Scheme of Governance as the Committee is responsible for Internal Audit matters and reviewing the activities of Internal Audit.

CHIEF INTERNAL AUDITOR

Report prepared by Jamie Dale, Chief Internal Auditor
15 March 2022

List of Appendices:

Appendix A – 2022-2025 IJB Internal Audit Plan

Appendix B – 2022-2025 Aberdeenshire Council Internal Audit Plan
(extract)

APPENDIX A

**ABERDEENSHIRE COUNCIL INTEGRATION JOINT BOARD
INTERNAL AUDIT PLAN 2022-2025**

2022/23					
Auditable Area	Objective	Lead Service	Risk / Audit Requirement	Priority	Reason for inclusion
IJB Governance arrangements	To obtain assurance that appropriate governance arrangements have been put in place that ensure the IJB's Partner organisations can work effectively together.	IJB	Audit identified risk	Medium	Assurance required as IJB develops further

2023/24					
Auditable Area	Objective	Lead Service	Risk / Audit Requirement	Priority	Reason for inclusion
IJB Hosted Services	To obtain assurance that the IJB has adequate arrangements in place to monitor the performance of services hosted on its behalf.	IJB	Audit identified risk	High	Hosted Services approach not progressed as planned; Deferred from 2020/21

2024/25					
Auditable Area	Objective	Lead Service	Risk / Audit Requirement	Priority	Reason for inclusion
IJB Risk Management	To obtain assurance over the risk management arrangements in place.	IJB	Recurring audit	High	Key system
IJB Asset Management	To ensure resources are allocated appropriately and efficiently following a suitable asset management plan.	IJB	Audit identified risk	Medium	Developing area

APPENDIX B

**ABERDEENSHIRE COUNCIL
INTERNAL AUDIT PLAN 2022-2025 (EXTRACT)**

2022/23					
Auditable Area	Objective	Lead Service	Risk / Audit Requirement	Priority	Reason for inclusion
Adults with incapacity (management of funds) / ASP	To ensure that there are clear evidence based controls in place regarding funds managed on behalf of clients.	HSCP	Audit identified risk	High	Risk of fraud, error, legal compliance
Criminal Justice	To ensure adequate control is exercised over income and expenditure, and service records.	HSCP	Recurring audit	Medium	Important process
Day Care Establishments (cf)	To consider whether adequate control is exercised over income, expenditure, and payroll	HSCP	Previous audit plan	Low	Important process

2023/24					
Auditable Area	Objective	Lead Service	Risk / Audit Requirement	Priority	Reason for inclusion
Very Sheltered Housing	To obtain assurance that income, expenditure, inventories, and tenant's records are adequately controlled.	HSCP	Recurring audit	Medium	Previous issues

2023/24					
Auditable Area	Objective	Lead Service	Risk / Audit Requirement	Priority	Reason for inclusion
Self-Directed Support Payments	To obtain assurance that payments made relating to Self-Directed Support are adequately controlled.	HSCP	Recurring audit	Medium	Risk of fraud, error, value for money

2024/25					
Auditable Area	Objective	Lead Service	Risk / Audit Requirement	Priority	Reason for inclusion
Care Management System	To consider whether appropriate control is being exercised over the system, including contingency planning and disaster recovery, and that interfaces to and from other systems are accurate and properly controlled.	HSCP	Recurring audit	Medium	Key system
Financial Assessments (cf)	To provide assurance that adequate arrangements are in place across the Service to undertake financial assessments in an accurate and efficient manner.	HSCP	Previous audit plan	Medium	Important process
Care of the Elderly - Home Care Service	To obtain assurance that adequate control is being exercised over income and payroll and travel costs.	HSCP	Recurring audit	Medium	Important process

REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 30 March 2022

Risk Register and Risk Assurance

1 Recommendation

It is recommended that the Audit Committee:-

- 1.1 Note the assurance process in relation to the management and review of risks.
- 1.2 Note the risk register in appendix 1, as at 18.2.22, recognising that this is a live document.
- 1.3 Note that the clinical and care risks are being reviewed by the Partnership Risk Group and Clinical and Adult Social Work Group on behalf of the Clinical and Adult Social Work Committee and that the non-clinical/ non care risks will be monitored by the Risk and Assurance Group on behalf of the IJB Audit Committee.
- 1.4 Agree that the Committee are assured that the steps laid out below are sufficient to capture and manage risks.

2 Risk

- 2.1 This update provides an overview of the risk management process and assurance steps in relation to the management of risk and risks identified on the risk register, attached.

3 Background

- 3.1 The Aberdeenshire HSCP Risk Policy and procedures set out the organisational requirements in relation to reporting and assurance.
- 3.2 All staff and managers should identify risks as part of their role. Operational risks are captured locally by staff and managers as part of the risk assessment process. Any risk which has an organisational or significant impact is held on the risk register.
- 3.3 IJB and operational risks which form the risk register are held on Datix and are added, managed and reviewed by risk owners and handlers.
- 3.4 Staff and managers are encouraged to add agreed risks directly to the risk register.

3.5 Risks on the risk register are reviewed as per the table below –

Risk Type	Risks Reviewed by	Frequency of review
All risks	Risk Owner/Handler	8 weekly and as the risk changes
All risks	SMT	Quarterly
Clinical/care risks	Partnership Risk Group	Quarterly
Clinical/care risks	Clinical & Adult Social Work Governance Group	Bi annually
Clinical/care risks	Clinical & Adult Social Work Committee	Bi annually
Non clinical/care risks	Risk & Assurance Group	Quarterly
Non clinical/care risks and risk assurance process	Audit Committee	Bi annually

3.6 There are currently 26 risks on the risk register. This number can increase and decrease as new risks are added or risks are closed.

3.7 The column titled, Sub-Group Allocation in **appendix 1** indicates whether the risk is predominantly a clinical/care risk, has both a clinical/care and non-clinical care component or a higher non clinical component.

3.8 There are 8 risks that relate to non-clinical/care issues, 11 risks that fall into the clinical/care category and 7 which have a balance between clinical/care and non-clinical elements. All risks are being actively managed and have a range of supporting plans, reports or evidence of progress to mitigate the risk held within Datix and by the risk owner. Ongoing support is given to risk owners to add supporting documentation. It is however the risk owner's responsibility to ensure the risk is updated, managed and closed.

3.9 There are currently 10 risks ranked High on the risk register, 3 non clinical/care and 7 of which relate to clinical/care or both clinical/care and non-clinical. There are no very high or severe risks.

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.

Lynn Boyd
Service & Development Manager
Aberdeenshire Health and Social Care Partnership
 Report prepared by: L Boyd