

FTF Internal Audit Service

Clackmannanshire & Stirling IJB Internal Audit Service Annual Internal Audit Report 2020/21

Issued To: A Black, Chief Officer
E Murray, Chief Finance Officer

**Clackmannanshire & Stirling Integration Joint Board
External Audit**

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Draft Report Issued	10 June 2021
Management Responses Received	14 June 2021
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INTRODUCTION AND OPINION

1. The Integrated Resources Advisory Group (IRAG) guidance outlines the responsibility of the Integration Joint Board (the IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance and control of the delegated resources.
2. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.
3. Guidance issued in April 2017 requires IJBs to prepare their annual accounts and governance statements in accordance with Local Authority Accounts (Scotland) Regulations 2014. These regulations require an authority to:
 - *Be responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which:*
 - a) *facilitates the effective exercise of the authority's functions; and*
 - b) *includes arrangements for the management of risk.*
 - *Conduct a review at least once in each financial year of the effectiveness of its system of internal control.*
4. The CIPFA 'Delivering Good Governance' in Local Government Framework 2016 places a responsibility on the authority to ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
5. This review examined the framework in place during the financial year 2020/2021 to provide assurance to the Chief Officer, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the IJB's objectives. It considered:
 - Corporate Governance
 - Clinical Governance
 - Staff Governance
 - Financial Governance
 - Information Governance

INTERNAL AUDIT ARRANGEMENTS AND OPINION

6. As Chief Internal Auditor, this Annual Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2020/21.
7. Under the agreed system of rotation of responsibilities amongst the constituent authorities, the Chief Internal Auditor of NHS Forth Valley currently provides the IJB Chief Internal Auditor role. The Audit and Risk Committee approved an updated Internal Audit Charter and Joint Working and Reporting Protocol on 9 December 2020. We can confirm that FTF complies with Public Sector Internal Audit Standards (PSIAS).

8. The 2018/19 External Quality Assessment (EQA) of the NHS Forth Valley Internal Audit Service concluded that *'it is my opinion that the FTF Internal Audit service for Fife and Forth Valley generally conforms with the PSIAS.'* FTF has updated its self assessment and this will be reported to the NHS Forth Valley Audit and Risk Committee in early 2021/22. The last EQA of the Stirling Council internal audit function, reported to Stirling Council Audit Committee on 30 August 2018, concluded that the Internal Audit team either 'fully or generally conformed' with PSIAS. The Stirling Council Audit Service Manager has confirmed that a further self assessment will be reported to the September 2021 Audit Committee and the Council's internal audit arrangements will again be subject to independent external assessment in 2022. The last EQA of the Clackmannanshire Council internal audit function in 2018 confirmed compliance with PSIAS and the self assessment carried out in February 2020 confirmed this opinion.
9. The 2020/21 internal audit plan was approved by the IJB Audit and Risk Committee on 9 December 2020. Fieldwork on the audit of Risk Management and Governance and Assurance has been combined, and will utilise Committee Assurance and risk principles developed by FTF and its clients to inform ongoing developments in this area being undertaken by the IJB and provide assurance on the adequacy of proposed processes and arrangements. Fieldwork on Clinical and Care Governance has been completed and a draft report issued. Audit work has been undertaken sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls.
10. A Governance Self Assessment Checklist has been developed by Internal Audit and is based on professional judgement and relevant guidance, as well as the CIPFA framework on Delivering Good Governance in Local Government. For this year, the checklist also captures changes to governance arrangements necessitated by Covid19. Our fieldwork assessed the content of the Governance Self Assessment Checklist and the portfolio of evidence provided by the Chief Finance Officer.
11. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation. Based on our validation work, we can provide assurance on the key areas noted within the governance framework below. However, there are a number of areas where management have acknowledged that further development is required. The majority of the actions agreed by Management to address recommendations from the 2018/19 and 2019/20 Annual Internal Audit Report remain in progress and feature in the Strategic Improvement Plan (SIP) which was introduced during 2020/21 and is monitored by the IJB. These are also identified in the 2020/21 Governance Statement as areas for improvement.
12. Our work considered progress against governance action plans or other improvement requirements identified in response to previous internal audit annual reports, external audit or inspection as well as any national recommendations. We also considered special arrangements put in place as a result of the impact of Covid19.
13. The need for governance improvements was referenced in the Ministerial Strategic Group (MSG) for Health and Community Care 'Review of Progress with Integration of Health and Social Care, Final Report, February 2019', which highlighted issues for IJBs across Scotland.
14. Various action plans (MSG, Audit and Governance) have been consolidated into the single Strategic Improvement Plan (SIP) to aid effective monitoring, streamline reporting and minimise duplication. The SIP is now a standing item at every Strategic Planning

Group meeting. It was presented to the Audit and Risk Committee for their approval in September 2020 and is now regularly presented to the IJB for review and monitoring.

15. The draft Clackmannanshire & Stirling IJB Governance Statement reflects that some elements of planned reviews of governance arrangements during 2020/21 have not been taken forward within the originally planned timescales due to management capacity being focused on dealing with the Covid19 pandemic, although we note that progress on many actions had been outstanding for some time. The draft Governance Statement reflects that much of this is also due to the relationship between the development of the governance framework and the review of the Integration Scheme. The constituent authorities and IJB have agreed to pause the review of the Integration Scheme until at least June 2021. The review of the elements of the governance frameworks, including the Scheme of Delegation, are currently planned to be undertaken during 2021/22.
16. In the coming year we would expect to see significant progress with the SIP, which includes several longstanding MSG and external and internal audit recommendations. The IJB should be provided with demonstrable evidence of how actions are progressing, and the effectiveness of actions in helping the IJB to progress strategic objectives, achieve financial balance and facilitate transformational change. Regular review is required with robust scrutiny of progress so that necessary action can be taken if progress is not being achieved at the required pace. The key areas for development and improvement identified by our review are:
 - Planned review of the Integration Scheme;
 - Development of the new Strategic Commissioning Plan. The current plan is in its third and final year and, in a post Covid environment, a revised Strategy, with clear linkages to the Transforming Care Programme and Remobilisation Plan needs to be developed. The update will need to reflect changes to population need, priorities, equity, capacity and modes of delivery.
 - The continued role of the Transforming Care Board to ensure sustainable transformation of services in line with strategic priorities;
 - Meaningful assessment of the effectiveness of actions taken within the SIP and how they contribute to the progression of strategic priorities and transformational change;
 - A greater emphasis on Staff Governance and workforce planning, with appropriate assurances provided by the partner organisations;
 - Achievement of required savings of the financial plan;
 - Further development of the approach to best value, in order to demonstrate continual improvement in outcomes across the partnership within performance reporting;
 - Ongoing development of risk management arrangements, including mainstreaming of the Covid19 risk;
 - Development of detailed directions to partner organisations;
17. The Strategic Plan and supporting plans will require significant revision to take account of the impact of Covid19 on population need, resource availability and the impact on modes of delivery as well as the potential for more rapid change. This will require considerable work to understand the impact of the pandemic and greater focus, working

with partner bodies on the formation and implementation of supporting strategies, as well as the delivery of transformation which will need both to accelerate and be genuinely transformative. Whilst a paper to the November IJB Board did mention the need to produce a new Strategic Commissioning Plan, and some elements are included in the SIP Action Plan, it did not provide the level of prominence we would have expected given that production and delivery of a SCP is the prime purpose of the IJB.

18. Refresh of the Risk Management Strategy is in progress, tying in with the development of assurance mapping to ensure coherence between Governance Structures, Performance Management, Risk Management and Assurance and clarity over the ownership of operational risk.
19. The IJB directs services from NHS Forth Valley and Stirling and Clackmannanshire Councils, and has an interdependent relationship with all partner bodies in which the controls in place in one body inevitably affect those in the other. The draft NHS Forth Valley Governance Statement concluded that there were adequate and effective arrangements in place. Stirling Council drafted a 2020/21 Governance Statement which concluded that 'the annual review of effectiveness identifies sufficient evidence that the Council's Code of Corporate Governance operates effectively, and that the Council and its Group will continue to take steps, in the coming year, to address the above matters to further enhance their governance arrangements. We have been informed that Clackmannanshire Council's Annual Governance Statement will be available after the summer recess, as agreed with the Council's external auditors.
20. The IJB has produced a draft Governance Statement for 2020/21 which reflects the IJB's own assessment for areas for development, setting out a number of actions to further strengthen governance arrangements.
21. As Chief Internal Auditor, this Annual Internal Audit Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2020/21.
22. Based on the work undertaken, I have concluded that:

- **Reliance can be placed on the IJB governance arrangements and systems of internal control for 2020/21.**

23. In addition, I have not advised management of any concerns around the following:

- **Consistency of the Governance Statement with information that we are aware of from our work;**
- **The format and content of the Governance Statement in relation to the relevant guidance;**
- **The disclosure of all relevant issues.**

ACTION

24. The IJB is asked to note this report in evaluating the internal control environment for 2020/21 and consider any actions to be taken on the issues reported for consideration.

EVALUATION OF GOVERNANCE FRAMEWORK:**Section A – Corporate Governance****Key arrangements in place and planned and ongoing developments****Covid19 response**

25. Temporary changes to governance arrangements were implemented to enable the HSCP to respond quickly to the Covid19 pandemic. Delegated authority for urgent decision making to the Chief Officer was approved by the IJB on 25 March 2020 and additional delegated decision making was subsequently extended to 24 March 2021, with extensions to this authority agreed at each meeting of the IJB. Arrangements presented to the IJB for approval were developed taking due advice from governance and examining emerging arrangements in other IJBs. The IJB was provided with regular Covid19 updates during 2020/21.
26. On 18 March 2020, the HSCP submitted their Remobilisation Plan, with costings, to NHS Forth Valley. At the same time, the HSCP Remobilisation Plan was shared with both Council Chief Executives and the Chair and Vice Chairs of the IJB. The Senior Leadership Team established a senior co-ordinating group with operational, finance and clinical managers; this group has oversight of the HSCP response and supports the business continuity functions.
27. The HSCP Remobilisation Plan reflects that the fundamental principles driving the approach to Remobilisation and the movement towards renewal reflect the same vision and strategic priorities as described within the HSCP Strategic Plan 2019 – 2022, and that these continue to be as relevant to the re-design, planning and delivery of health and social care services during Remobilisation as they were before the Covid19 outbreak.
28. It was noted from review of the Remobilisation Plan that key remobilisation activities are clearly linked to key priorities of the strategic improvement plan. It also sets out the approach for aligning the pandemic response to the Transforming Care agenda. It is noted in the Remobilisation Plan that the plan creates a bridge between the response to the pandemic and the aligned work streams of the Transformation Programme Board and the Strategic Planning Group, which will support the delivery of the activities and planned programmes of change for the next three years.
29. Updates to the Remobilisation Plan have been presented to the IJB on an on-going basis, outlining the integrated response from the HSCP to the Covid19 pandemic, the continuing impact on finance, workforce and population.
30. The Covid19 pandemic risk (HSC 016) was added to the Strategic Risk Register (SRR) in March 2020 and there has been no subsequent articulation of Covid19 related risks within the SRR, although risk reduction actions were updated in September 2020 and March 2021. The risk was initially scored at 16 (high). As reported to the

March 2021 Audit and Risk Committee, the current score is 12 (medium) with a target score of 6 (low). Action point 1 recommends review of the full Strategic Risk Profile to ensure Covid19 aspects are fully reflected and Internal Audit have provided initial comments to inform the review currently being undertaken.

31. Management have informed us that their review of service risks and Business Continuity plans has identified some gaps. Update of Business Continuity Plans is reflected as a risk reduction action to mitigate the Covid19 strategic risk.
32. IJBs are now Category 1 Responder bodies and we have been informed that work is in progress through Local Resilience Partnerships to respond to this requirement. We recommend that the IJB is informed of their role and responsibilities as Category 1 Responder and their responsibilities are clearly articulated their responsibilities, with priorities, targets and a mechanism for reporting and escalation.

Review of Integration Scheme

33. The IJB was provided with updates on review of the integration schemes in June 2020 and as reported in a further update to the September 2020 IJB, following an initial review of the Integration Scheme in January 2020, the work was not prioritised due to Covid19, in accordance with SGHSCD guidance on the deferral of full reviews. Constituent authorities and the IJB have agreed to pause progress with the review of the Integration Scheme until at least June 2021. However, we would highlight that the formality of the Integration Scheme is less important than the agreement of fundamental principles which will allow the completion of a number of key actions.

Governance arrangements

34. The planned comprehensive review of the IJBs Governance Framework remains outstanding and management have informed us that progress has been delayed by necessary focus on managing the impact of the pandemic. It is planned that this review will link to the review of the Integration Scheme which is scheduled to take place during 2021/22. The Audit and Risk Committee should be provided with an update and assurance on progress. Any changes should be incorporated into the next update of Standing Orders, Scheme of Delegation and Standing Financial Instructions. As noted above, Internal Audit have set aside time to provide guidance and assurance in order to ensure the embedding of robust committee assurance and risk principles.
35. Terms of Reference, Standing Orders, financial regulations, a Code of Conduct and a Scheme of Delegation are in place. The IJB approved minor improvements to the Standing Orders at their meeting in November 2020 to reflect developing practice and to improve the governance process
36. Publication of the Register of Interests remains under consideration and the register is currently being updated.
37. The Independent Review of Adult Social Care (IRASC) report (the Feeley report) was published by the Scottish Government on February 2021 and the Chief Officer provided the 24 March 2021 IJB with a summary of relevant aspects. Through a session involving Board members and members of the Strategic Planning Group, a self-assessment against the report was completed and this was presented to the Finance & Performance Committee on 2 June 2021. Management informed us that several partner improvement initiatives have emerged from the review and work is

underway to prioritise and explore these activities. Key themes and resource implications will also be reported to the Transforming Care Board.

38. As relationships between with Community Planning Partnerships (CPPs) develop, the organisation has taken on the CPP leadership role for the Alcohol and Drug Partnership across Clackmannanshire and Stirling areas, as well as the leadership role on behalf of both CPPs for well-being, particularly focused on the impact of Covid19.
39. As part of developing good governance arrangements, IJB Committees approval of annual assurance reports to be considered by the IJB is now scheduled for completion by November 2021.
 - Action point 4 in this report recommends that, to further develop good governance arrangements, an IJB assurance plan could be implemented to ensure assurance on all risks is provided to the IJB, including necessary assurances from partner organisation. The FTF internal audit assurance principles are appended to this report and should be used to inform development of any assurance workplan. We have provided initial comments on aspects of the risk management and assurance process and will continue to provide advice and assurance as required.
40. Whistleblowing policies for the HSCP's partner organisations apply and management advised that, while the SLT considered whether an IJB whistleblowing policy is required, it was decided that an integrated policy may cause confusion. It is recommended, however, that the IJB receives more active assurance in this area through presentation of the partner bodies' annual Whistleblowing reports and an annual evaluation of the partners' policies to assure the IJB that there are no gaps and that any concerns raised are appropriately addressed.

Directions

41. The plan for a more detailed approach to the production of directions, based on revised statutory guidance issued in January 2020, has not been completed due to the Covid19 response. Initial Directions for 2021/22 continue, therefore, to be high level.
42. A further review will take place post initial 2021/22 directions being issued and the Chief Officer will facilitate specific work on this.
43. As reported previously by internal audit, when these developments do take place, we recommend a clear link between the Strategic Plan, its implementation and the use of directions and ensuring all committee reports include a heading on directions. It is also vital that appropriate clinical and care structures, when finalised, inform the formation of IJB directions.

Strategic Plan and Transformation Programme

44. The Strategic Plan 2019-2022 sets out arrangements for the carrying out of integration functions and describes how the IJB intends to achieve, or contribute to achieving, the national health and wellbeing outcomes. The IJB receives a performance report at each meeting which, along with financial reports. Reporting on the Transforming Care Programme is designed to give a rounded view of the overall performance, financial sustainability and progress in implementing the Strategic Plan priorities of the Partnership.

45. 2021/22 is the third year of the current Strategic Plan so in any event, the plan would have required formal review and revision. However, fundamental review will now be required to take account of the impact of Covid19 on the assumptions on which the current Strategic Plan were based (demand, resources and ways of working), all of which will have changed dramatically. This includes understanding the population health need, identifying changes to service delivery and the risks these may present, as well as identifying positives and potential service redesign from changed methods of working during the pandemic and ensuring that Health Equity issues are built into the fabric of the plan. It is recommended that a project plan and timetable is set to progress this work and is monitored by an appropriate committee. Further recommendations around this point can be found at action point 1 below.
46. In September 2019 the IJB approved the Transformation Programme and the establishment of the Transforming Care Board, to support the delivery of strategic priorities.
47. Transforming Care Board meetings were initially postponed due to the Covid19 pandemic and an update was presented to the IJB in November 2020 on progress to establish a Portfolio Managed approach to delivering the transforming care agenda. This approach was explained as necessary to ensure the significant change initiative was managed centrally and resources were allocated efficiently to enable the relevant projects to deliver the expected benefits, whilst supporting Covid19 remobilisation plans.
48. The Transforming Care Board was to meet on a quarterly basis and report into the Finance and Performance Committee for oversight and assurance. A draft Terms of Reference has been produced for the Transforming Care Board and the first meeting took place on 12 November 2020.
49. At the meeting of the IJB in March 2021 it was noted that, whilst the Covid19 pandemic has had a significant impact on the progress of the Transforming Care Programme, work has still progressed in relation to items such as the local Review of Frontline Social Care and the Medicines Optimisation Programme.
50. Actions related to facilitating sustainable transformation will need to be clearly aligned to the priorities of the IJB and robustly monitored to ensure intended outcomes are being achieved. It may well be that transformation activity will need to be woven into the new Strategic Plan rather than being considered separately in order to ensure that the Strategic Plan is genuinely transformative and that transformation is used as the vehicle for resolving the challenges and opportunities arising from the pandemic.
51. The HSCP continued and still continues to deliver frontline community health and care services within the emergency arrangements implemented due to Covid19. It was reported at the IJB in September 2020, that the collaborative process established pre-Covid with the HSCP Senior Leadership Team and Stirling based portfolio support staff, has been re-established, and further developed with Clackmannanshire and NHS Forth Valley transformation leads, with the aim of identifying the priority areas of significant change that need to be made to deliver on the priorities of the Strategic Plan.
52. One of the key operational priorities noted in the Remobilisation Plan March 2021 to April 2022 was support for the continued delegation of services from NHS Forth

Valley, including the specialist mental health service to the HSCP. The Head of Mental Health post went live on 3 March 2021 and has been recently re-advertised. This key post will enable whole systems co-ordination of mental health, learning disabilities and addiction services.

53. As reported to the IJB in March 2021, the two IJB Chief Officers will set up a transitional group, supported by the NHS Forth Valley Director of Human Resources, to plan for the transfer of services that currently remain within the management of NHS Forth Valley but will be delegated to the Chief Officers for operational management and oversight. The group will also oversee the development of a support infrastructure that will progress a range of governance areas.
54. Work to co-ordinate Pan Forth Valley services and on a range of other important areas such as Large Hospital Set Aside (LHSA) was paused during the pandemic. It is acknowledged that work is still required and further updates are expected to the IJB on progress against this key strategic priority. We would recommend that the focus be less on the technicalities of LHSA and more on strategic, holistic solutions which allow the transfer of resources to facilitate improvements in services and shifting the balance of care.
55. On 25 November 2020 the IJB approved Integrated Commissioning arrangements. Transfer of the Strategic Commissioning function from Clackmannanshire Council and Stirling Council into the HSCP should enable a coordinated single approach to Commissioning. Transfer of commissioning colleagues from Stirling Council to the IJB was approved, with provision for transfer of commissioning colleagues from Clackmannanshire Council at a later date.
56. A further paper will be brought to a meeting of the IJB in 2021, detailing the proposed vision for a refreshed operating model for the integrated commissioning approach for the Clackmannanshire & Stirling HSCP. The developing arrangements between NHS Forth Valley and both HSCPs for Health Improvement and Health Promotion will solidify a whole systems community response addressing health inequalities across the spectrum of commissioned services.

Risk Management

57. The Risk Management Strategy and Framework is currently under review with support from the two Local Authorities Risk Managers and the recently appointed NHS Forth Valley Risk Manager, as well as forthcoming input from Internal Audit. Alignment of risk management across constituent authorities is part of this workstream.
58. The Audit and Risk Committee provide a scrutiny role for the IJB by reviewing, scrutinising and approving the Strategic Risk Register as a standing agenda item at each meeting. High risks on the Strategic Risk Register are reported to the IJB and Finance & Performance Committee through regular Performance Reports.
59. As noted above, Internal Audit have provided initial comments to inform the ongoing review of Risk management and assurance arrangements and will provide advice and assurance throughout.

Performance Management

60. An updated Integrated Performance Management Framework was approved by the IJB in November 2020, designed to reflect a more integrated performance approach across community health and care services. The framework included a list of List of

Integration Functions and Non Integration Performance Targets. It was acknowledged that Non Integration Functions performance targets require to be reviewed and work is underway with operational and strategic Heads of Service to ensure that the HSCP is recording, measuring and reporting relevant and appropriate performance. At this meeting, the IJB tasked the Finance and Performance Committee to review quarterly performance information and analysis on behalf of the IJB.

61. Performance reports for quarters 2 and 3 (July to December 2020) were received at the IJB meeting on March 2021. Reporting is based around the Strategic Plan 2019 – 2022 priorities and key areas. Performance areas are reported by exception, with commentary and actions in place noted for each. Items noted as exceptions included:

- Delayed discharge
- Equivalent annual days lost due to sickness absence
- % of Adult Protection sample audits within Clackmannanshire
- % annual reviews completed within timescale in Adult Care Clackmannanshire Social Service

62. Correspondence was received on 3 March 2021 from the Health & Social Care Directorate confirming that IJBs will be able to extend the date of publication of Annual Performance Reports (APRs) through to November 2021, using the same mechanisms as last year, as laid out in the Coronavirus Scotland Act (2020), Schedule 6, Part 3.

63. The final Annual APR for 2020/21 is expected to be presented to the IJB in November 2021 for approval.

64. Performance reporting continues to be an area of ongoing development, as the IJB works to ensure it can link performance reporting to its transformation programme and demonstrate improving outcomes whilst providing a single overview of performance of integrated functions.

65. Management have informed us that a Best Value is an area of development and a statement regarding the approach to Best Value including initiatives being progressed in this area which align to the transformation programme, will be included in the APR for 2020/21.

Section B

- **Clinical & Care Governance**
- **Financial Governance**
- **Staff Governance**
- **Information Governance**

Clinical and Care Governance

66. Internal audit CS07-21 Clinical and Care Governance reviewed the adequacy of revised Clinical and Care Governance arrangements, with a focus on the nature and source of assurance to the IJB on the quality of all services it commissions. The review noted positive steps taken recently to improve the quality of assurances

received and made a number of recommendations to be taken into consideration by the IJB and its partners as this process matures.

67. The stand-alone Clinical and Care Governance Framework approved by the IJB in April 2018 outlined the role of the Clinical and Care Governance Group (CCGG) Revised Terms of Reference were approved by the IJB in September 2020.
68. These arrangements are still under review and internal audit CS07-21 Clinical and Care Governance, which has been issued in draft, provided a number of areas which should be taken into consideration for future development.

Financial Governance

69. Financial resilience has been assessed as a high risk from the establishment of the IJB. Whilst significant challenges remain, the approach to management of financial risk is now aided by the development and approval of a draft Medium Term Financial Plan in March 2020 which will inform the level of financial challenge the Transforming Care Programme will require addressing, in order that the service delivery is financially sustainable.
70. A refresh of the medium term financial plans, planned initially for June 2020, was delayed and a more substantive refresh is planned when the Scottish Government review and publish a revised Medium Term Financial Framework for Health and Social Care, expected later in 2021/22.
71. The risk on savings delivery for 2020/21 directly resulting from Covid19 delays has been estimated at £2.338m on the integrated budget in the report to the Finance & Performance Committee on 2 June 2021, which compounds the financial pressures rolling forward to the 2021/22 budget.
72. It was noted in this year-end Finance Report that the IJB approved an ambitious revenue budget at its special meeting on 11 May 2021 with investment decisions being dependent upon delivery of savings and efficiency programmes to maintain financial balance. There is an urgent need to focus on elements of savings delivery, along with continuing to gain momentum on reigniting the Transformation Programme to address the future challenges across the Partnership Budget. These actions however need to be addressed whilst managing the continuing and emerging risks around Covid19, ensuring appropriate contingency and business continuity planning and remobilisation and renewal.
73. The IJB and Finance & Performance Committee receive a regular comprehensive financial report, presenting an overview of the partnership financial position and impact of Covid19 thereon.
74. The draft financial position for financial year ended March 2021 (subject to statutory audit) was presented to the Finance & Performance Committee on 2 June 2021. This reports a net underspend of £2.986m on the Integrated Budget and overspend of £1.107m on the set aside budget for large hospital services, which represents an underspend of £1.879m across the entirety of partnership budget.
75. A further consolidated Local Mobilisation Plan costs return was submitted to the Scottish Government on 15 January 2021. The total estimated quantum of cost for the HSCP Covid19 Mobilisation plan per the return was £14.687m, including the £2.515m of savings current assessed as being at risk due to impact of Covid19. This was fully covered by Scottish Government allocations. The submission of the Local Mobilisation plan was accompanied by an initial estimate of exceptional

Covid19 related expenditure of £6.449m in 2021/22. Further Covid19 allocations for 2021/22 have since been confirmed but the Scottish Government assumptions do not at this point assume any funding support for unachieved savings in 2021/22. It is therefore imperative the core budget plans achieves financial balance.

76. Based on the financial underspend on the Integrated budget, and in line with the terms of the Integration Scheme, the underspend will be transferred into IJB reserves by means of a general reserve. A Covid19 specific earmarked reserve has also been established which is as a result of a combination of final costs being below the level projected in the January 2021 Local Mobilisation Plan costs return and Scottish Government providing additional Covid19 related financial allocations late in the financial year which were not fully utilised. A technical reserves policy document is to be brought to Audit and Risk Committee in June 2021 for review and recommendation to IJB.
77. In the report to the Finance & Performance Committee on 2 June 2021, it was noted that complexities were encountered in reaching a draft final position including calculation of the balance of the Covid19 earmarked reserve. This has meant the year-end financial closure has been later than timetabled. It is expected that draft accounts will be available for presentation to the Audit and Risk Committee on 23 June and publication, public inspection and issue to the IJBs External Auditors.
78. The Covid19 pandemic has also significantly impacted the work to fully implement set aside arrangements in line with the Guidance on Financial Planning for Large Hospital Services and Hosted Services, published by the Scottish Government. A Set Aside Working Group was established and members of this group have continued to meet, although infrequently, during 2020. The Strategic Improvement Plan reflects a revised timescale for this of September 2021 reporting to the both IJBs and the NHS Board thereafter.
79. Overall, the economic impact of Covid19 will continue to have a significant impact on the financial environment in both the short and medium to longer term. Both UK and Scottish Government Budgets currently only set out one-year spending plans with longer term, post Covid19, economic strategies emerging later. Given this uncertainty, there will be a need to continually review and adapt Partnership financial plans over coming months and years as resource availability and projected costs become clearer.

Staff Governance

80. Review of the Workforce Strategy and Workforce Plans is included as a control to mitigate Strategic Risk 5 – Culture / HR / Workforce Planning, although, as with other risks, assurances on this risk require further development and we did not see evidence of focused discussion of staff resilience at the IJB, except for one specific item in relation to care homes and the regular receipt of Remobilisation Plans. However, management have confirmed that workforce plans are actively being reviewed and we have made recommendations on this area at action point 5.
81. There are no overt updates within the IJB minutes which confirm progress in terms of the revision of and progress against implementation of workforce plans.
82. The Chief Officer's personal development and appraisal arrangements are managed through the partner organisations' Chief Executives. The Chief Finance

Officer's appraisal and objective setting including PDP are due to be undertaken during Quarter 1 of 2021/22.

Information Governance

83. The Strategic Risk Register includes risks for Information Management and Governance, currently scored as 16 (high) with a target score of 9, and Information Sharing Process and practice, currently scored as 16 (high) with a target score of 12.
84. An Information Governance (IG) Assurance Report 2019/2020 was presented to the IJB in November 2020, to provide assurance to the Board on arrangements for IG that are applicable to the Board as a public body, along with the information governance arrangements in place within its partners. The 3 information governance areas in which the Board, and its partners, have statutory responsibilities are noted as Freedom of Information, Data Protection and Records Management.
85. The Annual Report concluded that appropriate arrangements are in place to ensure the Board's compliance with its information governance responsibilities. It was noted, however, that to assist the Board in ensuring that it can demonstrate improvement on its own plan, its partners need to ensure that information sharing agreements are in place for any operational data sharing relating to integrated services. This should be key for the IJB to obtain assurance as the need for information security is becoming more prevalent as organisations share information externally, utilise IT to deliver services which was not previously the norm (especially since the onset of the pandemic) and as patient pathways become more reliant on the interaction of different service providers.
86. The Public Records (Scotland) Act 2011 requires certain public authorities to prepare and implement a records management plan which must set out robust arrangements for management of its records. The Board submitted its first plan to the 'Keeper' of the Records of Scotland in June 2019 and is published on the National Records of Scotland website. The plan identifies a number of areas for improvement.
87. The IJB should receive assurance that its strategies and statutory responsibilities are supported by the asset and IT strategies and information governance arrangements of its partners and these are appropriately prioritised, resourced and monitored. This will be particularly important for the delivery of genuine transformation and the revised approach to the delivery of services required following Covid19.

ACKNOWLEDGEMENT

On behalf of the Internal Audit Service I would like to take this opportunity to thank the Chief Officer and Chief Finance Officer of the IJB as well as staff within the partnership for the help and co-operation extended to Internal Audit throughout the year. We would also wish to acknowledge the work of our Local Authority Internal Audit partners.

A GASKIN, BSc. ACA
Chief Internal Auditor

Action Point Reference 1 Strategic Commissioning Plan**Finding:**

The current Strategic Plan is in its third and final year and, in a post Covid19 environment, a revised Strategy, with clear linkages to the Transforming Care Programme and Remobilisation Plan needs to be developed and there have been no detailed proposals presented to the Board on how this will be taken forward and monitored.

Audit Recommendation:

The direction of travel for review and revision of the Strategic Commissioning Plan should be documented, to ensure delivery of sustainable services in the future.

This includes understanding the population health need, identifying changes to service delivery and the risks these may present, as well as identifying positives and potential service redesign from changed methods of working during the pandemic. Revision of the Strategy should include alignment to the Transformation and Remobilisation Plans to support the sustainability of the HSCP in the future.

There is a requirement to put in place a project plan and timetable to progress this work. This plan should include arrangements to review and monitor the implementation of the overarching Strategic Commissioning Plan and supporting strategies, to ensure appropriate resources are available to deliver strategy, clearly linked to revised service models.

Arrangements should include:

- Identification of a Sponsor and Project Lead for strategic planning and change;
- A plan and timetable for how the new Strategy and supporting strategies will emerge, including governance arrangements and key responsibilities for individuals and groups;
- A stock take of current transformation;
- Articulation of a clear link between strategy and ongoing service developments, to ensure future services are sustainable;
- Overt linkages to realistic medicine, transformative programmes, efficiency savings and other initiatives;
- Assessment of the risks to achievement.

There should be effective governance and oversight of this key area so that the IJB can formally scrutinise the arrangements, and in particular approve the principles underlying remobilisation and reconfiguration planning. The IJB should be engaged in all key decisions, and in setting the vision/ direction for the next iteration of the plan including:

- Products – The IJB should clearly understand which decisions will come to them, when and in what format, and which decisions it is delegating to management
- Processes - The IJB should understand how it will be kept informed of progress, of changes to the risk profile and of the impact of changes including appropriate post-project monitoring
- Priorities - The IJB should agree how it will set its priorities and how these will be communicated and implemented, understanding as above that their implementation may not come to the IJB
- Parameters - The IJB should outline which areas are sacrosanct to avoid wasting officers' time.

The Board should be provided with regular overviews of whether Recovery, Remobilisation and strategy development is on track, key achievements and challenges.

Assessment of Risk:

Significant



Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores.

Requires action to avoid exposure to significant risks to achieving the objectives for area under review.

Management Response/Action:


A comprehensive plan for review of Strategic Commissioning Plan will be developed with Strategic Planning Group and presented to IJB for approval.

Action by:

Date of expected completion:

**Chief Officer (Sponsor) and Head of Service,
Strategic Planning & Health Improvement
(Lead)**

November 2021

Action Point Reference 2 Risk	
Finding:	
Strategic Risk HSC 016 – ‘Covid19 critical services to vulnerable populations may not be delivered as a result of Coronavirus pandemic’ was added to the Strategic Risk Register in March 2020 risk. However, the risk descriptor has not been updated and Covid-19 risks have not been reflected in each aspect of Strategic Risk Register.	
Audit Recommendation:	
The next review of the Strategic Risk Register should incorporate the impact of Covid19 against each strategic risk so that the Covid19 risk is mainstreamed. The forthcoming review of the Strategic Commissioning Plan (SCP), see above, will be identifying objectives, threats to their achievement and the actions and controls required to prevent those threats from crystallising. These should be overtly reflected in the SCP as used as the basis for a more fundamental revision of the Strategic Risk Register.	
Assessment of Risk:	
Significant	 <p>Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores.</p> <p>Requires action to avoid exposure to significant risks to achieving the objectives for area under review.</p>
Management Response/Action:	
Strategic Risk Register will be reviewed to reflect the ongoing and future impact associated with Covid19 as a endemic disease on the strategic risks within the Strategic Risk Register (SRR).	
Action by:	Date of expected completion:
Chief Finance Officer	September 2021

Action Point Reference 3 Prior year internal audit actions

Finding:

Action points from the 2019/20 Annual Internal Audit Report remain outstanding as detailed below.

Action point 1 - Implementation of actions arising from the MSG report, agreed governance actions, areas identified for development and audit recommendations.

- Progress - The Strategic Implementation plan captures all previous recommendations and is a standing item at every Strategic Planning Group meeting and is regularly presented to the IJB for review and consideration.

Action point 2 - Reporting of progress against transformation milestones to the IJB.

- Progress - A Portfolio Managed approach to delivering a transforming care agenda was approved by the IJB in November 2020 and progress on the transformation plan reported to the IJB in March 2021 in relation to items such as the local Review of Frontline Social Care and the Medicines Optimisation Programme. Post Covid19 the Transforming Care Programme was re-established by November 2020 and the development and monitoring of key milestones will be part of this process with relevant reporting to IJB and Finance and Performance Committee.
- Whilst the IJB intends to increase the pace of transformational change, as noted in section 1 above, there is work still to be completed to identify how service delivery, at an operational level, will best meet the future requirements of its population within resources available, especially now that there is a need to consider the impact of Covid19.

Action point 3 – Best Value reporting

- Progress – continues to be developed.

Action point 4 – Requirement for an annual report confirming adequacy and effectiveness of clinical and care governance

- Progress – not yet available for 2020/21 but intention is that an annual report will be produced.

Audit Recommendation:

Given the constraints on management capacity and the clear priority that has to be given to operational management to respond to the Covid19 pandemic, we have not reiterated the areas outstanding but expect these to continue to feature in the SIP as areas identified for improvement. We would again stress the need for regular monitoring of progress in implementation, identification of barriers to achievement and solutions to address these, and consideration of the consequences of any non achievement to the overall control environment and would strongly recommend that the outstanding actions are prioritised in the light of Covid19.

Alongside robust monitoring of agreed governance improvement actions, clear escalation of issues encountered is needed to prompt the IJB to determine any remedial actions to be taken. These discussions should include how to address issues involving Partner bodies.

In particular, progress on review of the Integration Scheme and the planned comprehensive

review of the IJBs Governance Framework should be closely monitored with assurance on progress provided.

Assessment of Risk:

Our assessment of the above finding is as follows:

Significant



Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores.

Requires action to avoid exposure to significant risks to achieving the objectives for area under review.

Management Response/Action:

The planned comprehensive review of the IJB Governance Frameworks will be undertaken during 2021/22.

This is, to a degree, linked to the review of the Integration Scheme and further consideration of the requirement to develop a revised scheme post June 2021.


This will involve the review and alignment of the Strategic Improvement Plan (SIP), review and/or development of key policy documents (e.g. directions policy) and further consideration of the role of Audit and Risk Committee in monitoring of improvement actions.


Action by:


Date of expected completion:

Chief Officer, Chief Finance Officer & Head of Service, Strategic Planning & Health Improvement

December 2021





Action Point Reference 4 Assurances	
Finding:	
<p>As part of developing good governance arrangements, IJB Committees approval of annual assurance reports to be considered by the IJB is now scheduled for completion by November 2021.</p> <p>The IJB does not have an assurance work plan in place covering all required assurances that delivery of commissioned services is on track and linked to the strategic risk register, although there is currently an ongoing review of Risk Management arrangements which will be informed by Internal Audit advice and assurance.</p>	
Audit Recommendation:	
<p>As part of the ongoing review of Risk Management, an IJB assurance plan should be developed to provide assurance on delivery of commissioned services and the management of Strategic Risks, including necessary assurances from partner organisations.</p> <p>Assurance Committee and risk principles are appended to this report.</p>	
Assessment of Risk:	
Moderate	 Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.
Management Response/Action:	
<p>An IJB Assurance Plan will be developed to provide assurance on delivery of commissioned services, management of Strategic Risks including necessary assurances from constituent authorities. This will incorporate annual assurance reports for IJB committees.</p> <p>Internal audit work commissioned as part of the IJB Internal Audit Plan will inform the development of the assurance plan using the committee assurance principles (as appended to this report)</p>	
Action by:	Date of expected completion:
Chief Finance Officer and HSCP Business Manager	December 2021

Action Point Reference 5 Workforce	
Finding:	
<p>There are no overt updates to the IJB that confirm progress in terms of the revision of and progress against implementation of workforce plans. While the Chief Social Work Officers' Annual reports provide assurance on workforce, similar assurances are not provided by NHS Forth Valley.</p>	
Audit Recommendation:	
<p>Achievement of IJB objectives will be heavily dependent on robust workforce plans and the delivery of those plans by the partners, within available resource. Workforce planning should proactively identify and address workforce risks and provide mitigating actions which should be reported as part of the workforce risk updates to the IJB.</p> <p>Progress on revision and implementation of Workforce Plans should be provided to the IJB to inform scrutiny of how workforce plans are progressing, the impact of Covid19 and alignment to Local Remobilisations Plans, while considering how they link to the service needs of the local population. Reporting on workforce plans should include alignment to available financial resource and financial implications should be clearly documented.</p> <p>It is also recommended that workforce plan reviews will need to take account of local demographic information and robust information on the demand for services, and how this may change in future, including a full assessment of the impact of Covid19.</p> <p>Workforce plans will also need to inform and be informed by the review of the Strategic Commissioning Plan.</p>	
Assessment of Risk:	
<p>Moderate</p> 	<p>Weaknesses in design or implementation of controls which contribute to risk mitigation.</p> <p>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</p>
Management Response/Action:	
<p>It is acknowledged the workforce plans across the Health and Social Care Partnership (HSCP) require review alongside the review of the Strategic Commissioning Plan. This is reflected in workforce planning and development section of Strategic Improvement Plan.</p> <p>The HSCP Senior Leadership Team will engage further with HR Leads across the constituent authorities to appropriate reflect this recommendation within the approach to integrated workforce plans.</p>	
Action by:	Date of expected completion:
TBA	March 2022

Action Point Reference 6 Other Issues	
Finding:	
<p>Our review identified the following issues for consideration:</p> <ul style="list-style-type: none"> • Review of the Integration Scheme is scheduled for completion in 2021/2022. The IJB should consider how this work can be progressed on a pan Forth Valley basis, in conjunction with partner organisations and with Falkirk IJB. • IJBs are now Category 1 Responder bodies and we have been informed that work is in progress through Local Resilience Partnerships to respond to this requirement. We recommend that the IJB are informed of their role and responsibilities as Category 1 Responder to clearly articulate their responsibilities, with priorities, targets and a mechanism for reporting and escalation. • While the SLT has decided that an integrated IJB Whistleblowing Policy is not required it is recommended that the IJB ensures it receives more active assurance in this area through presentation of the partner bodies' annual Whistleblowing reports and an annual evaluation of their policies to assure the IJB that there are no gaps and that any concerns raised are appropriately addressed. This annual review should be applied to key areas e.g. Digital, Workforce and should form part of the assurance work plan recommended above. 	
Audit Recommendation:	
Management should ensure these recommendations are considered for inclusion in the SIP.	
Assessment of Risk:	
Merits attention 	There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.
Management Response/Action:	
Review and incorporate recommendations into the Strategic Improvement Plan (SIP) and Assurance Workplan	
Action by:	Date of expected completion:
Head of Service, Strategic Planning and Health Improvement (SIP), Chief Finance Officer and Business Manager (Assurance Plan)	December 2021

Assessment of Risk

To assist management in assessing each audit finding and recommendation, we have assessed the risk of each of the weaknesses identified and categorised each finding according to the following criteria:

Fundamental		Non Compliance with key controls or evidence of material loss or error. Action is imperative to ensure that the objectives for the area under review are met.	None
Significant		Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores. Requires action to avoid exposure to significant risks to achieving the objectives for area under review.	Three
Moderate		Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.	Two
Merits attention		There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.	One

Committee Assurance Principles

Purpose and remit

The overall purpose of the Board is to ensure efficient, effective and accountable governance, to provide strategic leadership and direction, and to focus on agreed outcomes. Detailed scrutiny should take place at committee level, with each committee providing assurance and escalating key issues as required. For this to be achieved successfully, Standing Committees must be clear about their priorities, have focused agendas and workplans and must monitor their own performance rigorously. Standing Committee remits are approved by the Board with input from Committees and increasingly from national governance initiatives. However, Standing Committees must ensure that they are focused on Board priorities and on the risks delegated to them.

Sub-committees and groups will frequently have an operational focus but must ensure that they are in a position to provide the required assurances on their operations and on any risks, actions and controls for which they are responsible.

Board or Standing Committee agenda

In general, for an item to be included on the agenda it should meet the following criteria unless the Committee Chair and Lead Officer agree there are good reasons for its inclusion:

- a. It is a decision delegated to that Committee
- b. It relates to and/or provides assurance upon a risk delegated to that Committee. In this context, performance reports etc should be overtly related to the specific risk and should contain a conclusion on whether the performance reports indicate that controls are operating effectively to mitigate the risk as intended
- c. It is a statutory or regulatory requirement or required by SG guidance
- d. The Committee can add value to a decision or issue by providing a different perspective, setting boundaries, generating ideas etc.

Assurance

At the start of the year, the Committee should consider its remit and determine its assurance requirements together with how these will be met, using assurance mapping principles. This should be set out in the Committee assurance plan or clearly identified within the Committee work plan. The 'three lines of assurance' are often used to help categorise assurances

- First line: management assurance from "front line" or business operational areas;
- Second line: oversight of management activity, including effective management information, separate from those responsible for delivery, but not independent of the organisation's management chain;
- Third line: independent and more objective assurance, including the role of Internal Audit and from external bodies

Assurances should be:

- a. Overtly linked to the relevant risk with an overt conclusion from the responsible director or officer
- b. Streamlined so that there is no omission, no unnecessary duplication
- c. Relevant: data should not be presented just because it is readily available
- d. Reliable: assurances should be evaluated so that it is clear how much weight should be placed on any piece of evidence and how they fit in with other relevant evidence

- e. Sufficient: there should be sufficient evidence in total to allow a reasonable conclusion to be reached

The Board has delegated responsibility for most strategic risks to Standing Committees. Following a discussion of an agenda item, the committee should formally assess the level of assurance received. This is reported to the Board via the Chair's assurance report (see below). The following criteria (based on work undertaken by the Good Governance Institute) can help in assessing the level of assurance:

- a. Independent assurance (e.g. an auditor's opinion) carries more weight than internal evidence produced by management
- b. The best assurance is commissioned specifically to assure that a control is effective: reams of evidence with only indirect relevance does not provide good assurance
- c. Assurances are time-limited and should only be relied upon if current
- d. Differentiate between positive, negative and neutral opinion when using independent assurance
- e. Ensure that assurance is consistent: triangulate different sources and use independent evidence to assess the accuracy of internal assurance sources

Appendix A provides examples of questions that Committees and groups should ask about risks.

Chair's report /Assurance Report

Minutes are valuable for the group itself but are not normally an efficient and effective source of assurance. An assurance report allows issues to be collated and presented in a way that gives readers a quick and comprehensive summary of the key issues, without considering unnecessary detail or having to decode or investigate areas of interest. The following questions should be considered at the end of every Standing Committee and sub-group meeting and areas for recording agreed. These should then be included in the Chair's summary/assurance report and taken forward by the Responsible Director:

- a. Are there any issues which could be a disclosure in the Governance Statement (see below) or should be included within the Committee year-end report
- b. Are there any new risks emerging which require escalation to the Board or recording in the Strategic or operational risk registers
- c. Is the Committee fulfilling its workplan and if not, would any omissions have an impact on its ability to provide assurance at year-end
- d. For the risks delegated to the Committee:
 - Are the scores correct?
 - Have there been any significant movements?
 - Has the committee received assurances that internal controls intended to mitigate the risk are working as intended and are effective?
 - Does performance reporting support this?
 - Has the committee received assurances that actions intended to reduce the risk to its target level are working as intended and will be effective?

Year-end reports

At the end of the financial year, Standing Committees provide their annual report to the A&RC (and Board). Standing Committee annual reports are an opportunity to reflect on the year just gone and should be used to consider overall progress and key issues going forward. The annual report should be focused on the most important issues and should include, as a minimum:

- a. A clear description of movement in strategic risks aligned to the committee and areas where actions were not effective
- b. Overt identification of areas of non-compliance and explanation of the impact on the control environment
- c. Clear performance information and highlighting of areas of poor performance
- d. Inclusion of Key Performance Indicators where possible
- e. Rather than stating that a report was presented, providing a broad conclusion on whether the level of assurance provided was acceptable (noting that the new process for assessing assurance will aid this recommendation)
- f. Any specific requirements for that Committee based on its remit or duties such as an overt opinion by the SGC on whistle-blowing arrangements based on an appropriate annual report or the P&RC opinion on whether value for money was achieved
- g. Consideration of key risks and concerns and how these will be reflected in the workplan for the year ahead.

The Audit Committee must decide whether an item is of sufficient significance to be included in the narrative of, or disclosed within, the Governance statement. By extension Standing Committees should consider, whether an item should be brought to the attention of the Audit Committee within their annual report/assurance statement. Useful considerations in deciding whether an item should be disclosed include:

- a. Is it material? The HIS risk management 'impact' criteria provide a helpful guide
- b. Does it represent a control weakness? Some issues could not reasonably have been prevented
- c. Was the control weakness in place in the year in question? A weakness in place throughout most of the year should be mentioned, even if resolved after or at year-end. However, if the issue was discovered in year but related to a weakness in previous years now rectified then it need not be disclosed

Appendix A**Assessing risks**

Questions for Risk Owners:

- Would you know if your controls are working effectively as intended or failing?
- Can you evidence the effectiveness of the controls?
- Can you assure your Governance Committee of the effectiveness of controls?
- Do you have assurance for all three lines of defence?
 - 1st line - management / performance / data trends
 - 2nd line – oversight / compliance / audits
 - 3rd line – internal audit and/or external audit reports / external assessments
- If Yes: Why above appetite?
- If No: How are the mitigating controls reflecting improvement or is there an action plan?
- Do you understand both the criticality and effectiveness of controls
 - Criticality: How important to the mitigation of the risk? The higher the importance of the control in mitigating the risk, the more assurance is required. If the control is of low importance is it a valid control to attach resource / effort
 - Effectiveness: This should measure if the controls are well designed / appropriate as well as how effectively they are implemented

Risk Questions for Committees**General questions:**

- Do the current controls match the stated risk?
- How weak or strong are the controls? Are they both adequate i.e. well-designed and effective i.e. implemented properly
- Will further actions bring risk down to the planned level?
- Does the assurance you receive tell you how controls are performing?
- Are we investing in areas of high risk instead of those that are already well-controlled?
- Do Committee papers identify risk clearly and overtly link to the BAF/risk?

Specific questions when analysing a risk delegated to the committee in detail:

- History of the risk (when was risk opened)- has it moved towards target at any point?
- Is there a valid reason given for the current score
- Is the target score:
 - In line with appetite
 - Realistic/achievable or does the risk require to be tolerated at a higher level?
 - Sensible/worthwhile
- Is there an appropriate split between:
 - Controls – processes already in place which take the score down from its initial/inherent position to where it is now
 - Actions – planned initiatives which should take it from its current to target
 - Assurances which monitor the application of controls/actions
 - Ensuring there is clarity over what the listed controls etc. actually do e.g. if there is a group, what is it for (noting a group might be all three or actually none)?

- Assessing controls
 - Are they 'Key' i.e. are they what actually reduces the risk to its current level (not an extensive list of processes which happen but don't actually have any substantive impact)
 - Overall, do the controls look as if they are applying the level of risk mitigation stated
 - Is their adequacy assessed by the risk owner– if so , is it reasonable based on the evidence provided
- Assessing Actions – as controls but accepting that there is necessarily more uncertainty :
 - are they are on track to be delivered
 - are the actions achievable or does the necessary investment outweigh the benefit of reducing the risk?
 - are they likely to be sufficient to bring the risk down to the target score
- Assess Assurances:
 - Do they actually relate to the listed controls and actions (surprisingly often they don't)?
 - Do they provide relevant, reliable and sufficient evidence either individually or in composite?
 - Do the assurance sources listed actually provide a conclusion on whether:
 - the control is working
 - action is being implemented
 - the risk is being mitigated effectively overall (e.g. performance reports look at the overall objective which is separate from assurances over individual controls) and is on course to achieve the target level
 - What level of assurance is given or can be concluded and how does this compare to the required level of assurance (commensurate with the nature or scale of the risk):
 - 1st line - management / performance / data trends
 - 2nd line – oversight / compliance / audits
 - 3rd line – internal audit and/or external audit reports / external assessments