

**ITEM No ...12.....**

**REPORT TO:** HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –  
23 JUNE 2021

**REPORT ON:** DUNDEE INTEGRATION JOINT BOARD ANNUAL INTERNAL AUDIT  
REPORT 2020/21

**REPORT BY:** CHIEF FINANCE OFFICER

**REPORT NO:** DIJB33-2021

## **1.0 PURPOSE OF REPORT**

1.1 The purpose of this report is to advise the Integration Joint Board of the outcome of the Chief Internal Auditor's Report on the Integration Joint Board's internal control framework for the financial year 2020/21.

## **2.0 RECOMMENDATIONS**

It is recommended that the Integration Joint Board

- 2.1 Notes the content and findings of the attached Annual Internal Audit Report 2020/21 (Appendix 1).
- 2.2 Instructs the Chief Finance Officer to incorporate the recommendations of the Annual Internal Audit Report into the IJB's Governance Action Plan, presented to and monitored by the Performance and Audit Committee.

## **3.0 FINANCIAL IMPLICATIONS**

3.1 There are no direct financial implications arising from this report.

## **4.0 MAIN TEXT**

4.1 The Integrated Resources Advisory Group (IRAG), established by the Scottish Government to develop professional guidance, outlines the responsibility of the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This guidance also shows 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.

- 4.2 The Performance and Audit Committee agreed at its meeting of the 28th May 2019 (Report PAC24-2019 refers) to continue the arrangement for the provision of Internal Audit Services through the appointment of the Chief Internal Auditor of NHS Tayside to the role of Chief Internal Auditor for the Integration Joint Board with internal audit services provided by FTF Audit and Management Services supported by Dundee City Council's Internal Audit service. The attached report provides the Chief Internal Auditors opinion on the IJB's internal control framework in place for the financial year 2020/21.
- 4.3 The Internal Audit review examined the framework in place during 2020/21 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. In doing so, the review considered the areas of corporate, clinical, staff, financial and information governance.
- 4.4 The IJB's Draft Annual Statement of Accounts 2020/21 includes a Governance Statement based on a self-assessment of the IJB's governance, risk management and control frameworks as they have developed during 2020/21. While highlighting a number of areas of continuous improvement following on from previous years assessments and recommendations from internal and external audit reports, the governance statement has established there are no major issues.
- 4.5 The Chief Internal Auditor has highlighted that there has been ongoing improvement in the overall system of governance despite the challenges of the Covid19 pandemic and this can be enhanced further through the adoption of governance mapping principles. Further recommended improvement to a range of governance areas is reflected in a number of suggested action points for which management have agreed to and will progress against the timescales set out in the report. Progress with these actions will be monitored through the Governance Action Plan presented to each Performance and Audit Committee. The Chief Internal Auditors assessment of these frameworks concludes that reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2020/21.

## 5.0 POLICY IMPLICATIONS

- 5.1 This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. There are no major issues.

## 6.0 RISK ASSESSMENT

<b>Risk 1 Description</b>	There is a risk that if required actions in response to Internal Audit recommendations are not coordinated and acted on appropriately the IJB's governance arrangements will not be adequate and effective.
<b>Risk Category</b>	Governance
<b>Inherent Risk Level</b>	Likelihood 3 x Impact 4 = 12 – High risk
<b>Mitigating Actions</b> (including timescales and resources)	- Implementation and monitoring of governance action plan as recommended by Chief Internal Auditor
<b>Residual Risk Level</b>	Likelihood 2 x Impact 3 = 6 – Moderate Risk
<b>Planned Risk Level</b>	Likelihood 2 x Impact 3 = 6 – Moderate Risk
<b>Approval recommendation</b>	Given the moderate level of planned risk and the expectation that the mitigating action will make the impact necessary to enhance the IJB's governance arrangements the risk should be accepted.

## 7.0 CONSULTATIONS

7.1 The Chief Officer and the Clerk along with the Chief Internal Auditor of Dundee IJB were consulted in the preparation of this report.

## 8.0 DIRECTIONS

8.1 The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in sections 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Dundee City Council and NHS Tayside.

Direction Required to Dundee City Council, NHS Tayside or Both	Direction to: Work with the Health and Social Care Partnership in the further development of an action plan to address issues identified with the attached self-assessment.	
	1. No Direction Required	X
	2. Dundee City Council	
	3. NHS Tayside	
	4. Dundee City Council and NHS Tayside	

## 9.0 BACKGROUND PAPERS

9.1 None.

Dave Berry  
Chief Finance Officer

DATE: 15 June 2021



# FTF Internal Audit Service

## Dundee City IJB Internal Audit Service

### Annual Internal Audit Report 2020/2021

**Issued To:** V Irons, Chief Officer  
D Berry, Chief Finance Officer

D McCulloch, Chief Social Work Officer  
D Shaw, Clinical Director

Dundee City Integration Joint Board  
External Audit

P Redpath, Senior Manager- Internal Audit, DCC



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Draft Report Issued	14 June 2021
Management Responses Received	15 June 2021
Target Audit & Risk Committee Date	23 June 2021
<b>Final Report Issued</b>	<b>16 June 2021</b>





## INTRODUCTION AND CONCLUSION

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:
  - i) *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.*
  - ii) *Conduct a review at least once in each financial year of the effectiveness of its 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*
6. The results from this work reported within this 2020/21 Annual Internal Audit Report should inform the IJB's judgment on the Governance Statement.
7. The IJB has performed well in difficult circumstances, facing long-standing, structural governance issues, which can only be resolved in partnership with other bodies as well as the unprecedented challenges created by Covid19. In particular, Covid19 has meant that the Strategic Commissioning Plan, whilst not technically out of date, no longer reflects the environment in which the IJB operates. Therefore, whilst this report contains a number of important recommendations, this is simply a reflection of the massive changes to the risk profile in which the IJB operates as well as the complex, intertwined governance landscape the IJB must navigate.

8. Against a backdrop of dealing with the operational challenges brought about by the Covid19 pandemic, we have seen ongoing improvement work in the overall systems of governance, including the agreement of a Tayside-wide IJB Risk Management Strategy and work undertaken on the development of the Improvement and Governance Action plan for 2021/22. We also particularly welcome the report on initial learning from the phase 1 response, followed by findings from surveys to explore the experience of citizens during the pandemic (to be used in the development and implementation of the remobilisation plan), and an overview of phase 2 response, all clearly showing that there is much to learn and build on, including as an opportunity for change and for reflection in relation to the Partnership's approach to strategic planning, leadership and governance.
9. There are opportunities now further to enhance governance through the application of assurance mapping principles. Our recommendations are aimed at ensuring coherence between Governance Structures, Performance Management, Risk Management and Assurance.
10. During the initial Covid19 response, IJB and Performance & Audit Committee (PAC) meetings were suspended but regular briefings were issued and video conferences were held. In addition, contingency arrangements for decision making were put in place with an Essential Business Procedure agreed by the Chief Officer and the Clerk to the Board for the August 2020 IJB meeting; all other meetings were held as normal, albeit via teams. Weekly meetings and updates for IJB members continued during the year. Updates on the impact of Covid19 and Dundee City IJB's response to it were provided to each IJB meeting throughout the year.
11. For a number of years, Internal Audit has recommended that accountability and responsibilities of the IJB in respect of all governance arrangements should be clarified and agreed by the IJB, and thereafter flow through to risk management and assurance arrangements. Themes identified have been echoed in reports issued by Audit Scotland as well as in the 2019 Ministerial Steering Group in their report on 'Review of Progress with Integration of Health and Social Care'. A number of longstanding complex issues have remained incomplete for a number of years and continue to feature in the IJBs Governance Statement as well as governance action plans. Our follow up work showed that the single recommendation from our 2019/20 Annual Report has been addressed in full, with an escalation on the Governance Action plan being reported to the October 2020 meeting of Dundee City IJB who *'instructed the Chief Officer and Chief Finance Officer to ensure these initiatives are implemented in order to strengthen the governance arrangements in place within the Integration Joint Boards governance framework'*.
12. In this context, we welcome the work undertaken in producing an integrated Improvement & Governance Action plan which should help to maintain focus and momentum on progress against the actions, particularly given the Chief Officer's personal intervention to reinforce the need for these actions to be completed. We note that a pan-Tayside working group approach successfully delivered an updated Risk Management Strategy and have recommended consideration of extending this approach to other intractable issues common to all 3 Tayside IJBs.
13. Our 2019/20 annual internal audit report noted that the Covid19 recovery and reconfiguration process should include assessment of the impact of the pandemic on the assumptions on which the current Strategic Commissioning Plan is based (demand, resources and ways of working). In addition, all supporting strategies will require review 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 further change, alongside

the delivery of transformation which will need to continue to be rapid and genuinely transformative. The Strategic Planning Group has been tasked with considering arrangements for the review and revision of the Strategic Commissioning plan, including the implications of the Feeley report on this. A full report and recommendations will thereafter be submitted to the IJB for consideration.

14. This presents the opportunity to consider the direction of travel for review and revision of the Strategic Commissioning Plan, including ensuring alignment to improvement and transformation projects to support the sustainability of the HSCP in the future, supported by one overall implementation plan and to ensure that the IJB understands the population health need, identifies changes to service delivery and the risks these may present, as well as identifying positives changes and potential service redesign areas from changed methods of working during the pandemic. It is recommended that a project plan and timetable is set to progress this work.
15. The Dundee City IJB is in an interdependent relationship with both partner bodies in which the controls in place in one body inevitably affect those in the other. The draft NHS Tayside Governance Statement concludes that *'with the ongoing improvement work undertaken throughout the year, as evidenced above, the governance framework, the assurances and evidence received from the Board's committees, that corporate governance continues to be strengthened and was operating effectively throughout the financial year ended 31 March, 2021'* In addition, the Dundee City Council Annual Internal Audit Report concluded *'that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2021'*.
16. Plans are in place to share information on partner assurances at the November 2021 meeting of the IJB Performance & Audit Committee before the audited accounts are signed off, providing the opportunity for the IJB to review any issues of interest to the IJB included in either of the partners' year end conclusions on governance.
17. 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. A number of these are complex areas which have remained outstanding for a number of years and depend on the input of partner bodies. We welcome the development of the Improvement & Governance Action Plan which is intended as a management tool for 2021-22 to provide focus on outstanding actions.
18. 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.
19. Based on the work undertaken, I have concluded that:

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

20. 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**

21. 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.

**INTERNAL CONTROL**

22. Following a meeting of Dundee City IJB in May 2016, FTF were appointed as the IJB's Internal Audit Service. The PAC has approved the Internal Audit Charter as well as a protocol for the sharing of audit outputs between the partner organisations. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS).
23. During 2018/19 the NHS Tayside Internal Audit Service was externally quality assessed by the Institute of Internal Auditors and concluded that FTF generally conforms to the International Professional Practice Framework (IPPF). An External Quality Assessment (EQA) action plan is in place and being monitored through the NHS Tayside Audit & Risk Committee, with 1 action currently outstanding. FTF has updated the self assessment and it will be reported to the NHS Tayside Audit & Risk Committee in early 2021/22. For Dundee City Council Internal Audit, an EQA in 2018 concluded that the Council's Internal Audit service fully conforms to 11 of the 13 standards and generally conforms to the remaining two.
24. Internal Audit Activity for 2020/21 was approved under the Essential Business Procedure and reported to the August 2020 IJB meeting. Audit work undertaken in partnership with the Dundee City Council Internal Audit Service has been sufficient to allow the Chief Internal Auditor to provide his formal opinion on the adequacy and effectiveness of internal controls.
25. To inform our assessment of the internal control framework, we developed a self assessment governance checklist for completion by management. The checklist was based on requirements of the Integration Scheme, guidance issued by the Scottish Government to support Health and Social Care Integration and best practice. It was also cross referenced to the requirements of the CIPFA 'Delivering Good Governance in Local Government Framework 2016' and supporting guidance notes for Scottish Authorities.
26. 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 following key arrangements in place by 31 March 2021; and also comment on where further development is needed in 2021/22. Based on our assessment, we also recommend further issues for consideration by management.

28. Our evaluation of the IJB's Governance Framework is summarised below:

<b>A – Corporate Governance</b>
<b>Key arrangements in place as at year end 2019/20 as well as planned and ongoing developments</b>
<p><b>Response to Covid</b></p> <p>I. During the initial Covid19 response, IJB and PAC meetings were suspended but regular briefings were issued and video conferences were held. In addition, contingency arrangements for decision making were put in place with an Essential Business Procedure agreed by the Chief Officer and the Clerk to the Board for the August 2020 IJB meeting; all other meetings were held as normal, albeit via teams. Weekly meetings and updates for IJB members continued during the year.</p> <p>II. Updates on Covid19 and Dundee City IJB's response were provided to each IJB meeting throughout the year. We particularly welcome the report on initial learning from the phase 1 response, followed by findings from surveys to explore the experience of citizens during the pandemic (to be used in the development and implementation of the remobilisation plan), and an overview of phase 2 response, all clearly showing that there is much to learn and build on, including as an opportunity for change and for reflection in relation to the Partnership's approach to strategic planning, leadership and governance. We welcome the direction of travel as set out in the April 2021: Overview of response during phase 2: <i>'Learning gained for the Partnership's response to the pandemic to date has been incorporated within the recovery plan. The statutory review of the Partnership's strategic and commissioning plan will provide a further opportunity during the next year to reflect on how learning can be further consolidated into strategic priorities, plans and activities across operational, governance and leadership arrangements.'</i></p> <p><b>Strategy and Performance</b></p> <p>III. The impact of Covid19 on the delivery of the Strategic Commissioning Plan has also been regularly reported, including the diminished capacity of the organisation to progress the actions in the current plan. The Strategic Planning Group has been tasked with considering arrangements for the review and revision of the plan, including the implications of the Feeley report on this. A full report and recommendations will thereafter be submitted to the IJB for consideration. In April 2021, the IJB approved the recovery plan which is supported by an implementation plan. Although clear references are made to working in partnership, the plan does not overtly describe how this links to the remobilisation plans of its partners.</p> <p>IV. The IJB has undertaken and reported a number of service redesign initiatives throughout 2020/21 including reshaping care for older people, community and inpatient remodelling and the Dundee Primary Care Improvement Plan as well as a number of mental health initiatives. However, whilst internal audit report D05/18 Transformation and Service Redesign recognised that there had been a conscious effort made by management to bring together and co-ordinate the disparate strands of the transformational change programmes, it assessed arrangements currently in place as inadequate (Category D). As reported to the</p>

PAC in May 2021, of the 6 actions from that report, 2 are no longer relevant, 2 are complete with 2 in progress (updated action by dates August 2021). The Transformation Delivery Group has now been stood down. Improvements to the monitoring and reporting of transformation programmes are being considered by the Strategic Planning Advisory Group (SPAG) for completion in August 2021.

- V. 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. In this context it is helpful that the SPAG is reviewing the remaining recommendations as it also has responsibility for the SCP.
- VI. As recommended in the Annual Internal Audit Report 2019/20 the recovery and reconfiguration process will need to be subject to an on-going reassessment of the impact the pandemic has on the assumptions on which the current Strategic Commissioning Plan is based (demand, resources and ways of working). 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. This presents the opportunity to develop the direction of travel for review and revision of the Strategic Commissioning Plan, including ensuring alignment to improvement and transformation projects to support the sustainability of the Health & Social Care Partnership (HSCP) in the future, supported by one overall implementation plan. It is recommended that a project plan and timetable is set to progress this work. Further recommendations around this point can be found at action point 1 below.
- VII. Following a number of years of significant overspends; additional Covid19 funding received has positively impacted the financial position of the IJB. However, it is clear that there will be significant pressures on the financial position in future years. As set out in the 5 year strategic financial framework as agreed in March 2021, *This will require the IJB to focus on the need to change and transform services and not rely on short term measures to balance the budget. The following range of principles set within an overarching financial framework is recommended to be adopted which will support the IJB in balancing demand and improving health and social care outcomes for Dundee citizens while delivering a balanced budget.* We welcome the principles agreed but would reiterate our position that reporting on transformational change to the IJB should reflect its importance to the IJB, focused on providing an overall picture of progress and risks to delivery. Whilst we have evidenced a number of service redesign projects being monitored separately at IJB level, we would reiterate the need for a holistic overview.
- VIII. Our Annual Internal Audit Report for 2017/18 noted that it was intended to frame the performance report information in the context of the delivery plan to ensure that operational delivery of the new Strategic Commissioning Plan can be monitored. We recommended a Delivery Plan to track actions which will support implementation of the Strategic Commissioning Plan. This is not yet in place. Internal audit report D05/21 will make detailed recommendations in relation to performance monitoring, and will be presented to the September 2021 meeting

of the PAC.

- IX. The 2019/20 Annual Performance Report was submitted to the IJB for approval in October 2020; due to the impact of Covid19 on data collection and management time. The Annual Performance Report for 2020/21 is planned for October 2021 with the summary report still being published at the end of July. Performance during the year was regularly monitored at the PAC with the most recent summary performance report to the February 2021 PAC meeting relating to Quarter 2, following the agreement by the PAC in November 2020 that Measuring Performance under Integration targets were not set for 2020/2021 but that data continued to be integrated into the Quarterly Performance Reports. In addition, detailed reports on discharge management and the impact of repeat elective activity on readmission rates were explored and we commend the quality of the performance reporting provided to the PAC. Internal audit report D05/21 will make further detailed recommendations in relation to performance monitoring.

#### **Review of Integration Scheme**

- X. We have previously reported that a number of key governance issues were to be addressed through the agreement of a new Integration Scheme between the IJB and its partners. The IJB was provided with updates on review of the integration schemes in August and December 2020, where the IJB was informed of the intention to form a short life working group. A draft Project Initiation Document (PID) is now being developed to progress the revisions required across Tayside. Approval of the PID is still awaited from the Partner Chief Executives. Internal Audit have been asked to contribute towards this work and have held initial discussions with the project lead and shared the Integration Principles which cover many aspects of the Integration Scheme. A progress report on the Integration Scheme review was initially due to be presented to the IJB in March 2021 and will now come to the August meeting of the IJB.
- XI. Noting that the IJB's Standing Orders were last reviewed in 2018, with the Financial Regulations remaining as approved in 2016, we would reiterate our view that an update should ideally flow from any changes to governance arrangements agreed through the updated Integration Scheme at an appropriate time.

#### **Governance arrangements**

- XII. The remit of the PAC requires a minimum of 3 meetings per financial year. The PAC did meet on three occasions during 2020/21- September and November 2020, and February 2021. The next meeting took place in May 2021, showing an improvement in the frequency/intervals between meetings, as well as the membership now being fully updated with improved participation. The work of the PAC encompasses a wide range of issues, including receiving assurance from the Clinical & Care Governance Group. Any update to the Standing Orders as referenced above should also include a review of the remit of the PAC to ensure all areas for consideration are set out, accompanied by a workplan setting out how these will be completed.
- XIII. No reports on progress against the actions agreed under the MSG self assessment were submitted to the PAC or IJB in 2020/21. A summary action is included in the Governance Action Plan which was last reported to the PAC in May 2021. A Governance Action Plan covering actions agreed through previous

internal reports (including Annual Internal Audit Reports) as well as external audit recommendations continued to be presented to each meeting of the PAC. The PAC escalated the delays in progress against the Governance Action Plan to the IJB in October 2020, outlining initiatives to help with completion of these actions. Minutes show that the IJB *'the Chief Officer and Chief Finance Officer to ensure these initiatives are implemented in order to strengthen the governance arrangements in place within the Integration Joint Boards governance framework.'*

- XIV. More detailed monitoring of individual actions, including timescales, are now recorded in the Improvement & Governance Action Plan which is intended as a management tool for 2021-22, to be reported from June 2021. Internal Audit has had sight of this plan at draft stage and fully supports the direction of travel.
- XV. However, there remain a number of intractable long standing issues outstanding, recognised through the governance action plan based on previous Internal Audit recommendations, actions agreed through the MSG Self Assessment, and mirrored in the IJB's draft Governance Statement as areas requiring further improvement. Internal Audit has previously recommended an integrated Governance Action Plan monitored by the Audit Committee. Last year, we also recommended escalation to the IJB. As set out above, the IJB has addressed both recommendations but progress remains difficult, especially in the context of limited management capacity due to the pandemic as well as the complexity of the issues and interdependencies with partner organisations
- XVI. A pan-Tayside Working Group with representation from across the partners under the leadership of the Dundee City IJB Chief Finance Officer delivered a new Risk Management Strategy. In addition, a project team has been established to progress the review of Integration Schemes. A number of actions such as Large Hospital Set Aside (LHSA), Corporate Support arrangements and Hosted Services are also issues for the other Tayside IJBs, there may be merit in also adopting a joint approach where this may be of benefit.
- XVII. During discussions at the May 2021 PAC, it was noted that following each meeting, there would be benefit in an Action Plan being included in addition to the minutes which would indicate timelines and tracking of Actions. This is to be progressed by the Chief Finance Officer in consultation with the Clerk.

#### **Risk Management**

- XVIII. Dundee City IJB has continued to develop its Risk Management arrangements, culminating in the approval of the new IJB Risk Management Strategy in April 2021 based on the work undertaken by the pan-Tayside Working Group under the leadership of the Dundee City IJB Chief Finance Officer. In line with the new Strategy, the IJB plans to review its risk management policy to take into consideration the areas for development in the risk management framework (e.g. establishment of a risk appetite).
- XIX. The IJB's strategic risk register was reported through governance systems twice during the year, to the August 2020 IJB and the February 2021 PAC. The report is based on extracts of the risks from the Pentana system. In addition, monitoring takes place at the Clinical, Care & Professional Governance Group (CCPG), who provides an annual year end assurance report on its overall work to the Audit Committee, in addition to the clinical and care governance assurance reports. In response to the internal audit assessment of risk maturity, a Risk Management



Action Plan was developed and last reported to the PAC in September 2020 and includes a number of further developments needed, such as provision of an overall conclusion on the adequacy and effectiveness of risk management arrangements. These areas would all be addressed through full implementation of the new Risk Management Strategy.

- XX. With the exception of the 'Increased Bureaucracy' risk, all strategic risks have been recently reviewed and updated, including clear reference to the impact of Covid19 on the risk profile of the organisation.
- XXI. Whilst we note the improvement work undertaken in relation to risk management; and a review of all agenda items for the IJB during the year shows that nearly all can be linked to one of the organisation's strategic risks, there is currently no direct reporting to the IJB providing direct overt assurance on each of its strategic risks. 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 where 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. Any monitoring or performance reports should be overtly related to specific risks and should contain a conclusion on whether the performance reports indicate that controls are operating effectively to mitigate the risk as intended.

#### **Hosted Services**

- XXII. Whilst a high level Memorandum of Understanding remains in place, further work is required to improve the sharing of information between partnerships. Arrangements will be reviewed as part of the Review of the Integration Schemes.

#### **Directions**

- XXIII. We previously noted the need for a clearer link between the Strategic Plan 2019-2022, its implementation and the use of directions. Dundee City IJB had already amended its committee report template to include a section on directions to ensure clarity where the IJB is asked to make a decision. As part of any further developments in this area, consideration should be given as to how clinical and care governance arrangements will feed into the formation of IJB directions.

#### **Feeley report**

- XXIV. The April 2021 IJB received a paper including initial assessment of potential implications on Dundee City IJB against each of the recommendations made within the Independent Review of Adult Social Care (IRASC) report (the Feeley report) which was published by the Scottish Government on February 2021. The IJB instructed the Chief Officer to bring back a report outlining Scottish Government plans to progress implementation of the recommendations of the independent review at an appropriate point following the Scottish Parliamentary Elections in May 2021.

#### **Category 1 responders/ business continuity**

- XXV. IJBs are now Category 1 Responder bodies and the IJB was kept updated on this change in status in October 2020 and April 2021, setting out arrangements currently in place across the Dundee HSCP to fulfil the requirements and identifying areas for further development. A further report on local arrangements for the effective implementation of duties by the IJB is planned to

be provided later in the year, following the completion of forthcoming national workshops and publication of national guidance for IJBs. We were informed that Business Continuity and Emergency Planning themes have been brought together under the Local Resilience Planning Group for oversight of an integrated response to these issues. Internal audit D06/22 will review the necessary arrangements to meet the requirements of the Act.

#### Best Value

XXVI. Assurance was provided to the PAC in September 2020 that Best Value was being achieved through the Integration Joint Boards governance arrangements and activities, based on the assessment undertaken for 2019/20. Plans are in place to provide a similar assurance for 2020/21.

#### Key arrangements in place as at year end 2020/21 as well as planned and ongoing developments

#### B1- Financial Governance

- I. Financial Monitoring Reports were regularly considered by the IJB throughout 2020/21, including the projected outturn position, as well as details on the Financial Impact of the Covid19 Response, the reserves position, the savings plan and the financial position in relation to hosted services.
- II. The underlying financial monitoring position for Dundee HSCP based on expenditure for the full financial year to 31 March 2021 (excluding any implications of additional Covid19 spend) shows a net underspend position of £2.1m. This is a significantly improved position from the net overspend of £4m incurred during 2019/20 and will be carried forward as a general reserve. In addition, a range of earmarked funding unspent at year end is carried forward in committed reserves totalling c£11.7m; of which around half relates to Covid19 funding.
- III. LHSAs are instrumental to the strategic shift in the balance of care. As part of the 2020/21 budget setting process for the IJB and NHS Tayside, the Chief Officer and Chief Finance Officer have had discussions with the Director of Finance for NHS Tayside with regard to progressing the commissioning and financial framework around the LHSAs. The IJB noted and agreed to remit the Chief Finance Officer to reflect the application of the LHSAs within the IJB financial plans for 2020/2021 onwards as part of the IJB budget setting process. We would recommend that the focus be less on the technicalities of LHSAs and more on strategic, holistic solutions which allow the transfer of resources to facilitate improvements in services and shifting the balance of care.
- IV. Following updates to the IJB in December 2020 and February 2021 on the development of the 2021/22 budget, we welcome the approval by Dundee City IJB of a paper setting out medium to longer term financial challenges as well as a framework and range of principles under which these challenges would be mitigated to enable the IJB strategic priorities to be delivered within a balanced budget.

<p>V. The self assessment against the CIPFA statement on the role of the Chief Finance Officer for Dundee City IJB assessed all elements as either compliant or not applicable.</p>
<p><b>B2 – Clinical &amp; Care Governance</b></p>
<p>I. Substantial progress has been reported in implementing actions in response to internal audit report D07/17 - Clinical, Care &amp; Professional Governance, with only the complex issue of assurance over hosted services, remaining. This is being considered through the Getting it Right for Everyone (GIRFE) Steering Group pan-Tayside.</p> <p>II. Throughout the year, work continued through the Getting It Right for Everyone Steering Group with a new Getting It Right for Everyone Framework now in place across Tayside. Dundee HSCP provides regular assurance reports to the NHS Tayside Care Governance Committee, with the format of this reporting remaining under review, with some input from Internal Audit.</p> <p>III. We welcome the fact the PAC also directly receives the same Clinical, Care &amp; Professional Governance assurance report to each meeting, as well as quarterly complaints reports. Clinical &amp; Care Governance assurance reporting makes reference to the Covid19 impact on maintaining safe substance misuse services, although the impact of Covid19 on other aspects of clinical governance is not as clearly set out.</p> <p>IV. An action plan based on ‘Dundee Drugs Commission Report – Responding To Drug Use With Kindness, Compassion And Hope’ has been developed and was noted by the Dundee City IJB Clinical, Care and Professional Governance Group in 2019/20. A progress report was provided in April 2021, showing that whilst Covid19 has inevitably impacted on the actions and timescales, good progress is being made. We would highlight the significant risks associated with drug services highlighted by these reports and welcome the decision to review whether these should be more prominently reported within the IJBs Strategic Risk Register.</p> <p>V. The December 2020 IJB received the Chief Social Work Officer’s Annual Report for 2019/20, which provides a summary of activity over the year. It includes information about leadership; partnerships; statutory decisions made on behalf of the Council; finances; the involvement of service users; and on performance across all service areas. The report is not intended to be exhaustive but gives an indication of key trends, achievements, challenges, opportunities and priorities.</p> <p>VI. As previously noted, the Chief Social Work Officer’s Annual Report does not include an overall conclusion on the adequacy and effectiveness of arrangements for the quality and safety of care in line with clinical governance arrangements. However, reporting on care inspectorate gradings for registered care homes and care services (as received by the PAC in September 2020) provides some assurance around some aspects.</p> <p>VII. In February 2021, the IJB noted the Dundee Adult Support and Protection Committee Biennial report 2018-20 as well as the development of the Adult Support and Protection Committee delivery plan for the current year (2020/2021). The Dundee Child Protection Committee Annual Report 2020 was also presented in April 2021, again including development of a Delivery Plan for</p>

the year ahead.

- VIII. The Final Report Of The Independent Inquiry Into Mental Health Services In Tayside – ‘Trust And Respect’ was presented to Dundee City IJB in February 2020, noting the intention to develop a comprehensive action plan with an update originally planned for April 2020. This was delayed due to the Covid19 response. Although in August 2020, the IJB noted the current position in relation to the draft response, no further updates have been provided. The IJB did however receive updates on the development of the Tayside Mental Health Strategy, most recently in December 2020.

### **B3 - Staff Governance**

- I. Actions previously agreed on the development of a Workforce Plan and review of the Workforce and Organisational development strategy remained outstanding in 2020/21. Dundee City IJB intends to produce a new workforce strategy as a companion document to the updated Strategic Commissioning Plan. This is also referenced as a specific priority for Dundee HSCP in the next phase of the April 21- March 22 Recovery plan.
- II. A review of the Dundee City HSCP’s management structure is currently underway looking to increase and strengthen the management team.
- III. The IJB does not currently receive specific staff governance assurances from the employing partners. The overall review of assurances on strategic risks to the IJB as recommended under action point 6 below should include assurances over staff governance.
- IV. Since 1 April 2021, NHS organisations are required to follow National Whistleblowing Principles and Standards. This includes specific information for Health and Social Care Partnerships. Work has been undertaken by representatives from NHS Tayside and the three Tayside Health and Social Care Partnerships to agree how the Whistleblowing Standards would be implemented and a Whistleblowing Agreement has been drafted. An update on this work was provided to Dundee City IJB in April 2021 and includes plans for quarterly reporting to the IJB.

### **B4- Information Governance**

- I. Internal audit report D04/19 ‘Information Governance & Technology as Enablers’ graded ‘D’ (Inadequate) was presented to the PAC in September 2020. The most recent Governance Action Plan update to the PAC in May 2021 concluded that all action points have now been addressed.
- II. Information Technology plays an essential part in remobilising and redesigning services and allowing the fundamental and rapid transformation required to achieve sustainable services, particularly in a post Covid19 environment. IT strategies of the partner bodies will require to be reviewed in light of Covid19.
- III. As part of the work on assurance referred to in action point 6 below, 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**

29. 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.

**A GASKIN, BSc. ACA**  
**Chief Internal Auditor**



**Action Point Reference 1****Finding:**

The Strategic Planning Group has been tasked with considering arrangements for the review and revision of the Strategic Commissioning plan, including the implications of the Feeley report on this. A full report and recommendations will thereafter be submitted to the IJB for consideration.

**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 Re-mobilisation Plans to support the sustainability of the HSCP in the future.

A project plan and timetable should be established to progress this work, including arrangements to review and monitor the implementation of the overarching Strategic Commissioning Plan and supporting strategies, and to ensure appropriate resources are available to deliver the strategy, clearly linked to revised service models.

Arrangements could 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 ensure officers time is focussed on key development areas.

The Board should be provided with regular overviews of whether Recovery, Remobilisation and strategy development is on track, key achievements, challenges and risks and any significant implications for strategy and priorities.

### Assessment of Risk:

Whilst circumstances were such that it would not have been possible to update the Strategic Commissioning Plan (SCP) until operational exigencies have been resolved and the impact of Covid19 was better understood; the SCP is a vital component of the IJB's governance arrangements and therefore, our assessment of the above finding is as follows:

Significant



Weaknesses in control or design in some areas of established controls.

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

### Management Response/Action:

Work is currently being undertaken by the Strategic Planning Advisory Group to assess impact of Covid19 and other factors on the direction of the Strategic Plan with consideration given already to much of the framework set out above.


**Action by:**


**Date of expected completion:**

Chief Finance Officer


March 2022




Action Point Reference 2	
<b>Finding:</b>	
<p>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 Covid, 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.</p> <p>We have been informed that the organisation is working on improvements to the monitoring and reporting of transformation programmes. In addition, an action to develop an overall delivery plan for the Strategic Plan currently remains outstanding.</p>	
<b>Audit Recommendation:</b>	
<p>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.</p> <p>In this context, we would recommend one overall implementation plan with reporting linking performance/ risk/ resources and recommend that reporting ensures a rounded view of overall performance, financial sustainability and progress in implementing the Strategic Plan priorities of the Partnership, including any transformational activity, linked to assurance on strategic risks (see action point 6 below).</p>	
<b>Assessment of Risk:</b>	
<p>In line with our comments on the risk assessment of Action Point 1 above, our assessment of the above finding is as follows:</p> <p>Significant  Weaknesses in control or design in some areas of established controls.</p> <p><b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b></p>	
<b>Management Response/Action:</b>	
<p><b>A review of the reporting of progress of transformation programmes will be undertaken by the Strategic Planning Advisory Group over the course of 2021/22 which will encompass delivery of the IJB's Strategic Priorities as they continue to evolve post Covid19 pandemic response.</b></p>	
<b>Action by:</b>	<b>Date of expected completion:</b>
<b>Chief Finance Officer</b>	<b>March 2022</b>

Action Point Reference 3	
<b>Finding:</b>	
<p>The IJB's Standing Orders were last reviewed in 2018, with the Financial Regulations remaining as approved in 2016. The remit of the PAC is set out in the Standing Orders but does not currently include the work of the PAC in relation to receiving assurance from the Clinical &amp; Care Governance Group.</p>	
<b>Audit Recommendation:</b>	
<p>We would reiterate our view that an update should flow from any changes to governance arrangements agreed through the updated Integration Scheme.</p> <p>Any update to the Standing Orders as referenced above should also include a review of the remit of the PAC to ensure all areas for consideration are set out, accompanied by a workplan setting out how these will be completed with clear links to the assurance flows outlined in recommendation 7 below.</p>	
<b>Assessment of Risk:</b>	
<p>Our assessment of the above finding is as follows:</p> <p>Moderate  Weaknesses in design or implementation of controls which contribute to risk mitigation.</p> <p><b>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</b></p>	
<b>Management Response/Action:</b>	
<p>Given the time which has elapsed since the previous review it is agreed that the IJB's Standing Orders should be undertaken during 2021/22 in line with the Integration Scheme Review. Financial Regulations will be reviewed separately.</p>	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Finance Officer	<p>Standing Orders – March 2022 (in line with integration scheme review timescale)</p> <p>Financial Regulations – October 2021</p>

Action Point Reference 4	
<b>Finding:</b>	
<p>There remain a number of intractable long standing issues outstanding, recognised through the governance action plan based on previous Internal Audit recommendations, actions agreed through the MSG Self Assessment, and mirrored in the IJB's draft Governance Statement as areas requiring further improvement. Internal Audit has previously recommended an integrated Governance Action plan monitored by the Audit Committee. Last year, we also recommended escalation to the IJB. As set out above, the IJB has addressed both recommendations but progress remains difficult, especially in the context of limited management capacity due to the pandemic as well as the complexity of the issues and interdependencies with partner organisations</p> <p>A pan-Tayside Working group with representation from across the partners under the leadership of the Dundee City IJB Chief Finance Officer delivered a new Risk Management Strategy. In addition, a project team has been established under Angus leadership to progress the review of Integration Schemes</p> <p>Implementation of national guidance on LHSA has been problematic across Scotland, with engagement with the issue being focused on technical finance issues rather than strategic, holistic solutions which allow the transfer of resources to facilitate improvements in services and shifting the balance of care.</p>	
<b>Audit Recommendation:</b>	
<p>Consideration should be given to adopting pan-Tayside solutions to LHSA, Corporate Support arrangements and Hosted Services.</p> <p>With a new Strategic Commissioning Plan being developed, the focus should be increasingly on strategic, holistic solutions which allow the transfer of resources to facilitate improvements in services and shifting the balance of care, alongside the technical aspects of LHSA.</p>	
<b>Assessment of Risk:</b>	
<p>Our assessment of the above finding is as follows:</p> <p>Significant  Weaknesses in control or design in some areas of established controls.</p> <p><b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b></p>	
<b>Management Response/Action:</b>	
<p><b>All of these issues are to be considered as part of the Integration Scheme Review which is being approached on a pan Tayside basis.</b></p>	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Officer	March 2022





Action Point Reference 5	
<b>Finding:</b>	
Whilst we were pleased to see the approval of a revised Risk Management Strategy (RMS) for the IJB, we note that there was no provision for monitoring its implementation.	
<b>Audit Recommendation:</b>	
The PAC should receive regular reports on the implementation of the RMS and should receive the Strategic Risk Register regularly as required by the RMS.	
<b>Assessment of Risk:</b>	
Our assessment of the above finding is as follows:	
Significant	 <p>Weaknesses in control or design in some areas of established controls.</p> <p><b>Requires action to avoid exposure to significant risks in achieving the objectives for area under review.</b></p>
<b>Management Response/Action:</b>	
Regular risk management reporting to be implemented as per recommendation.	
<b>Action by:</b>	<b>Date of expected completion:</b>
Chief Finance Officer	August 2021

Action Point Reference 6	
<b>Finding:</b>	
<p>Strategic risks and their controls are well articulated and nearly all IJB agenda items can be linked to one of the organisation's strategic risks. However, there is currently no direct reporting to the IJB on its risk profile; nor direct, overt assurance on each of its strategic risks with risk monitoring occurring at the CCPG and the PAC receiving assurance on the overall system of risk management as above. Where controls sit within the partner bodies, the IJB receives only a general annual assurance through the year end processes, for example the IJB does not currently receive specific staff governance assurances from the employing partners, nor on compliance with GDPR and other information governance arrangements.</p>	
<b>Audit Recommendation:</b>	
<p>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 where 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. Any monitoring or performance reports should be overtly related to specific risks and should contain a conclusion on whether the performance reports indicate that controls are operating effectively to mitigate the risk as intended.</p> <p>Some assurances may require to be provided by the partners, to ensure the IJB receives assurance that its strategies and statutory responsibilities are supported by the enabling strategies and governance arrangements of its partners and these are appropriately prioritised, resourced and monitored.</p>	
<b>Assessment of Risk:</b>	
<p>Our assessment of the above finding is as follows:</p>	
<p>Moderate</p>	 <p>Weaknesses in design or implementation of controls which contribute to risk mitigation.</p> <p><b>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</b></p>
<b>Management Response/Action:</b>	
<p>Recommendation to be implemented accordingly.</p>	
<b>Action by:</b>	<b>Date of expected completion:</b>
<p>Chief Finance Officer</p>	<p>December 2021</p>



### 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:

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





## Appendix 1      Committee Assurance Principles with Risk Guidance

### 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

## Appendix 1 Committee Assurance Principles with Risk Guidance

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 1 Committee Assurance Principles with Risk Guidance

### 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?
  - 1<sup>st</sup> line - management / performance / data trends
  - 2<sup>nd</sup> line – oversight / compliance / audits
  - 3<sup>rd</sup> 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

## Appendix 1 Committee Assurance Principles with Risk Guidance

- 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):
    - 1<sup>st</sup> line - management / performance / data trends
    - 2<sup>nd</sup> line – oversight / compliance / audits
    - 3<sup>rd</sup> line – internal audit and/or external audit reports / external assessments