# FTF Internal Audit Service

# Risk Management

# Report No. AN05/20



**Issued To:** G Smith, Interim Chief Officer
S Berry, Chief Finance Officer

J Galloway, Interim Head of Health & Community Care Services

C Wyllie, Service Leader - Internal Audit, Angus Council
Angus Integration Joint Board
External Audit – Audit Scotland

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| Draft Report Issued | 16 April 2020 |
| PRELIMINARY Management Responses Received | 5 June 2020 |
| Target Audit & Risk Committee Date | 24 June 2020 |
| **Draft Final Issued** | **08 June 2020** |
| **Final Report Issued** | **TBC** |

## CONTEXT AND SCOPE

1. The 2019/20 Annual Internal Audit Plan included a review to evaluate and report on the risk maturity of the organisation.

2. The scope of this audit was to review the controls and mechanisms in place to implement risk management process.

3. The work was carried out by Angus Council Internal Audit on behalf of FTF as part of the agreement of shared services. The audit was carried out over the Angus Health and Social Care Partnership (AHSCP).

4. The specific audit objectives were:

   - The organisation is managing risks appropriately including a comprehensive risk management framework, congruent with those of its partner organisations in place comprising appropriate strategy, structures, policies and procedures based on sound risk management principles appropriate to integrated working.
   - Risks are considered and addressed as part of all decision making activities.
   - All relevant strategic risks are accurately identified, assessed, evaluated, recorded and monitored.
   - The quality of data including risks, controls and assurance is of the required standards.
   - Risk responses are appropriate and aligned with an appropriately defined and approved risk appetite.
   - Training and awareness for all stakeholders of the risk management process are sufficient.
   - Adequate resources are available to support the risk management process.
   - Risks with partner organisation are appropriately managed.

5. Angus IJB sets out its vision for change and improvement in its strategic plan. The plan sets out four strategic priorities through which change and improvement are to be delivered.

   - Priority 1: Improving Health, Wellbeing and Independence
   - Priority 2: Supporting care needs at Home
   - Priority 3: Developing integrated and enhanced Primary care and community responses
   - Priority 4: Improving Integrated care pathways for priorities in care.

6. Below the strategic plan, the Angus Care Model and the Improvement and Change programme encompass the majority of plans to effect change to deliver these priorities.

## AUDIT OPINION

7. Angus IJB is currently developing its Risk Management arrangements. This review is intended to assist management by identifying key areas to be taken forward as part of that process and therefore no audit opinion is expressed. However, we would commend the IJB for its progress to date and the priority given to Risk Management and we have concluded that the IJB has made good progress and that an adequate risk management framework is in place.

8. Risk Management is considered by the AHSCP and there is a Risk Management Policy and Strategy, dated 2016, in place with individual risks being reviewed regularly by the Clinical Care and Professional Governance Forum. Work is ongoing on a Tayside-wide basis to update the Health & Social Care Integration (HSCI) Risk Policy & Strategy, led by Chief Finance Officer, Dundee Health and Social Care Partnership.

9. The review and update of the policy and strategy should be progressed as a priority and should include the Board's risk appetite. We also make the following recommendations for improvements to risk management:

   - Board and Committee Reports should include a section specific to risk and assurance.
   - Risk Management training needs should be identified and training records maintained
   - Consideration should be given to the spread of resource to help with continuity planning
   - Governance and assurance arrangements should be part of the AHSCP improvement plans.

10. All of these recommendations will enhance the adequacy and effectiveness of risk management, control and governance. A description of all audit opinion categories is given in the final section of this report.

11. Detailed findings/information is included at Section 3.

## ACTION

12. The action plan at Section 2 of this report has been agreed with management to address the identified weaknesses. A follow-up of implementation of the agreed actions will be undertaken in accordance with the audit reporting protocol.

## ACKNOWLEDGEMENT

13. We would like to thank all members of staff for the help and co-operation received during the course of the audit.

**A Gaskin BSc. ACA**
**Chief Internal Auditor**

## Action Point Reference 1

### Finding:

The Risk Policy and Strategy has not been updated since initial agreement in February 2016, with the document still having some blank spaces which were not completed at the time. This is against a backdrop of a an extremely complex risk and assurance environment which includes reliance on the risk management frameworks operating within Angus Council and NHS Tayside, as well as Dundee and Perth & Kinross partnerships in relation to hosted services, with these other frameworks also undergoing a continuous process of development.

Currently, there is no clear process agreed by all relevant partners to identify/escalate, evaluate, record and monitor shared risks. In addition, there is no clear flow of assurance from the partner bodies to AHSCP on risks controlled by their partners.

### Audit Recommendation:

The Risk Policy and Strategy should be updated and presented for approval to Angus IJB. We are aware that work is ongoing on a Tayside-wide basis to update the HSCI Risk Policy & Strategy, led by the Chief Finance Officer, Dundee Health and Social Care Partnership. Angus representation should ensure that this work is progressed at pace.

The update to the Risk Policy & Strategy should include reference to the interdependencies of these systems and reflect the respective risk management responsibilities of all the partners aligned to the governance arrangements for AHSCP specifically in relation to identifying/escalating, evaluating, recording and monitoring shared risks as well as a clear flow of assurance on shared risks.

### Assessment of Risk:

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|---|---|---|
| Significant |  | Weaknesses in control or design in some areas of established controls.<br>**Requires action to avoid exposure to significant risks in achieving the objectives for area under review.** |

### Management Response/Action:

**The IJB will review its Risk Policy and Strategy, update it and present it for approval to Angus IJB. This will reflect Tayside-wide work to update the HSCI Risk Policy & Strategy; and will include reference to the interdependencies across systems and respective risk management responsibilities of all partners.**

| Action by: | Date of expected completion: |
|---|---|
| **Chief Officer** | **31 December 2020** |

| Action Point Reference 2 | | |
|---|---|---|
| **Finding:** | | |
| Risk is not formally recorded in reports submitted to the Board. | | |
| **Audit Recommendation:** | | |
| Reports to the board should include a section covering risk to ensure the Board is aware of the impact of their decision or the effect on assurances from information reports where relevant.<br><br>Where relevant, the risk section should specifically refer to the relevant strategic risk and performance reports should include an overt comment which confirms that risks controls are working as intended and risk scores are correct. | | |
| **Assessment of Risk:** | | |
| Significant |  | Weaknesses in control or design in some areas of established controls.<br><br>**Requires action to avoid exposure to significant risks in achieving the objectives for area under review.** |
| **Management Response/Action:** | | |
| **The IJB will work towards ensuring that from October 2020 all IJB reports include a risk section that will specifically refer to the relevant strategic risk. Additionally Performance reports will include where possible an overt comment which confirms that risk controls are working as intended and risk scores are correct.** | | |
| **Action by:** | | **Date of expected completion:** |
| **Chief Officer** | | **31 October 2020** |

| Action Point Reference 3 | | |
|---|---|---|
| **Finding:** | | |
| There is no reference to the Board's risk appetite within the Risk Policy and Strategy. | | |
| **Audit Recommendation:** | | |
| The Board should formally agree the IJB risk appetite using an agreed methodology and this should be incorporated in to the Risk Policy and Strategy. | | |
| **Assessment of Risk:** | | |
| Significant |  | Weaknesses in control or design in some areas of established controls.<br>**Requires action to avoid exposure to significant risks in achieving the objectives for area under review.** |
| **Management Response/Action:** | | |
| **The IJB will consider the development of the IJB's Risk Appetite and incorporate this into a future iteration of the Risk Policy and Strategy.** | | |
| **Action by:** | | **Date of expected completion:** |
| **Chief Officer** | | **31 December 2020** |

| Action Point Reference 4 | | |
|---|---|---|
| **Finding:** | | |
| Risk training had been provided on an informal basis, and therefore no records to identify that all staff were present or had the necessary training were maintained. | | |
| **Audit Recommendation:** | | |
| A formal ongoing training programme/record should be maintained to ensure that all relevant staff, including Board and Audit Committee members, have received risk training. | | |
| **Assessment of Risk:** | | |
| Merits attention |  | There are generally areas of good practice.<br>**Action may be advised to enhance control or improve operational efficiency.** |
| **Management Response/Action:** | | |
| **The IJB has to keep in mind the time demands on Board members and Audit Committee members, many of whom will also be participants in other forums where risk management is also a feature.**<br>**Through the IJB's Improvement and Development Team, the IJB will develop and record risk training to ensure that all relevant staff have received risk training.** | | |
| **Action by:** | | **Date of expected completion:** |
| **Head of Service (South)** | | **28 February 2021 (After introduction of new Risk Management policy)** |

| Action Point Reference 5 | | |
|---|---|---|
| **Finding:** | | |
| Responsibility for Risk Management has been allocated to one officer, with additional administrative support. However, due to a Career Break this support is not currently available. | | |
| **Audit Recommendation:** | | |
| Consideration should be given to ensuring that adequate administrative support is available for the risk management function to cover any future periods of absence. | | |
| **Assessment of Risk:** | | |
| Merits attention |  | There are generally areas of good practice.<br>**Action may be advised to enhance control or improve operational efficiency.** |
| **Management Response/Action:** | | |
| **The IJB Chief Officer will review the scale of resource and its sustainability and consider options to revisit risk management resources.** | | |
| **Action by:** | | **Date of expected completion:** |
| **Chief Officer** | | **31 December 2020** |

| Action Point Reference 6 | | |
|---|---|---|
| **Finding:** | | |
| The improvement plans presented via the MSG group do not specifically mention risk management or assurances from partners, or from other IJBs that host services on behalf of the Angus HSCP. | | |
| **Audit Recommendation:** | | |
| The Angus HSCP Improvement plan should specifically include governance and assurance arrangements required from partners and from IJBs hosting services on behalf of the Angus HSCP. | | |
| **Assessment of Risk:** | | |
| Significant |  | Weaknesses in control or design in some areas of established controls.<br>**Requires action to avoid exposure to significant risks in achieving the objectives for area under review.** |
| **Management Response/Action:** | | |
| **Changes to the MSG Improvement plan are difficult at this stage.**<br>**As part of the IJB's review of its Risk Management Strategy & Policy, governance and assurance arrangements required from partners and from IJBs hosting services on behalf of the Angus will be addressed.** | | |
| **Action by:** | | **Date of expected completion:** |
| **Chief Officer** | | **December 2020** |

**Control 1 - The organisation is managing risks appropriately including a comprehensive risk management framework congruent with those of its partner organisations in place comprising appropriate strategy, structures, policies and procedures based on sound risk management principles appropriate to integrated working.**

1. A Risk Management Policy and Strategy was developed for use across the Tayside Integrated Joint Boards (IJB) and as such was developed with input from the Angus Council, Dundee City Council, Perth & Kinross Council and NHS Tayside.
2. The current Policy and Strategy was approved by the Angus Health and Social Care Integration Joint Board on the 17 February 2016. It sets out the IJB's Risk Management Approach and Vision while detailing the implementation of the policy, risk leadership, and accountability. There is also reference to the need for the Senior Management Team to resource risk management, provide and attend regular training, monitor activity and performance, and communicate risk management with the IJB and partnering bodies.
3. The risk scoring matrix and risk framework template are included as appendices to the Policy and Strategy.
4. We are aware that the Risk Manager, NHS Tayside, attempted to get a small team from across the Tayside IJBs to update the Risk Management Policy and Strategy. This was at the end of February 2019. It was also noted that during the audit some of the risk teams had met during the last week in November to take the update forward. Subsequent to the initial audit it has been confirmed that this group have met several times and is being led by Chief Finance Officer, Dundee Health and Social Care Partnership and includes representatives from Dundee City Council, AHSCP and NHS Tayside.

**Control 2 - Risks are considered and addressed as part of all decision making activities.**

5. The Head of Community Health & Care Services (North Angus) – Executive Lead for Governance and Audit (including Risk Management) is the Senior Officer responsible for championing risk. Since completion of audit fieldwork, the officer fulfilling this role has been promoted to the Interim Chief Officer post. This officer has confirmed that they will continue to lead in relation to risk management until responsibilities are re-assigned.
6. The Executive Lead attends the Angus IJB as an Advisory Officer and is a member of the Clinical Care and Professional Governance Forum (CCPG), which has devolved responsibility for the scrutiny and management of risks for the AHSCP, and for submitting regular reports and assurances to each IJB meeting, including performance information.
7. Our review of CCPG Action Notes showed that risks are considered and updated, with evidence showing that risks are added or taken back from the archive when it has been decided that further monitoring is required.
8. The CCPG review the risks in detail and a summary risk matrix is sent to AHSCP Audit Committee and Board.
9. The Risk Management Policy and Strategy states that "*IJB Members are responsible for ensuring they are aware of any risks linked to recommendations from the Chief Officer concerning new priorities/ policies and the like (A 'risk implications' section on board papers could facilitate this)*". The committee reports reviewed during the audit did not

include a formal risk section.

10. It is good practice that reports should specifically reference the Strategic Risk Register (SRR) where relevant and performance reports should include overt comments which confirm whether risk controls are working as intended and risk scores are correct.

11. We were informed that managers consider risks when preparing reports and we evidenced that in some reports budget impact had been considered; whilst other reports included Equality Impact Assessments.

**Control 3 - All relevant strategic risks are accurately identified, assessed, evaluated, recorded and monitored.**

12. At the time of the audit, we did not identify any gaps in the corporate risk register and considered that the areas within the register covered the Board's strategic responsibilities.

13. As stated in their Terms of Reference (dated 2016), the CCPG has delegated authority for risk. This is confirmed in the IJB Risk Management Annual Reports, and the regular Angus IJB Risk Management report to the NHST Strategic Risk Management Group. The CCPG is a multi-agency group which includes a number of management team members from the AHSCP, NHS Tayside, and Angus Council.

14. The CCPG reviews risk using the completed BAF (Board Assurance Framework) for each of the risks.

15. The completed BAF includes the risk descriptions, objective, risk owner and relevant manager, when the risk was last reviewed, and when the next review is due. There is a risk rating with rationale for the current score and planned score.

16. The BAF also lists any controls in place, mitigating actions that will be taken including the person responsible and the timescale for completing. There is also a section which sets out assurances that can be provided, available independent assurances and any gaps in assurance.

17. Discussions are held with the Angus Council risk management team to compare risk registers. We viewed email evidence of meetings with the Angus Council Risk Team, and this was confirmed verbally by Angus Council's Risk Manager. If similar risks are identified, these are reviewed to compare scoring and identify valid reason for any differences, e.g. Brexit risk comparisons were made as the scores differed between Angus Council and AHSCP, it was agreed that both were correct as they cover different types of risk. Liaison with partners is also in place through AHSCP attendance and reports to the NHS Tayside Strategic Risk Management Group.

**Control 4 - The quality of data including risks, controls and assurance is of the required standard.**

18. The CCPG have delegated authority to manage and review risks. From the CCPG Action Notes it can be seen that the group receive updates on the risks and challenge these where necessary.

19. An Annual Assurance Report is completed by the Head of Community Health & Care

Services (North Angus)/ Executive Lead for Audit, Improvement and Performance (which includes risk management); and the Angus Clinical Director and General Practitioner who is also the Angus CCPG Forum Chair.

20. The CCPG provides an annual assurance report to the Angus IJB Audit Committee on the work undertaken during the year. This includes the responsibilities of reviewing and querying strategic risks across the AHSCP and any actions progressed to mitigate these risks.

21. The report also gives assurance that the CCPG has fulfilled its responsibility in reviewing and inquiring about systems in place to embed care and clinical governance at all levels of the IJB, thereby driving a culture of continuous improvement. Sharing and learning from best practice and innovative ways of working by the CCPG across the AHSCP is also included.

22. The assurance given relates to the services delegated to AHSCP, however it is not clear what assurances are given in relation to services hosted by other IJBs on the AHSCP's behalf.

23. An Annual Risk Management Report, written by the Chief Officer, is presented to the Angus IJB Audit Committee, providing the committee with an update on risk management activities which have been undertaken during the relevant year.

*24.* The Chief Officer states in the Annual Risk Management Report *that "It confirms the risk management framework has been strengthened, congruent with partner organisations (Angus Council/NHS Tayside). This framework comprises robust governance, strategy, structures, policies and procedures based on sound risk management principles appropriate to integrated working. This will provide assurance that there are systems in place to manage risk through the Angus HSCP. We have created an environment in Angus where we effectively manage the risks associated with provision of healthcare, making the best use of available resource to provide a service that is as safe as possible for patients and staff whilst seeking opportunity for continuous review and improvement".*

25. The statement approved at the IJB Audit committee, authorises the Chair of the Board to write to the partnering bodies (NHS Tayside and Angus Council) to confirm the effectiveness of AHSCP governance arrangements, whilst asking the partners for their assurances on systems of internal control.

26. Beyond the formal reporting arrangements there are also regular meetings held with partnering bodies liaison groups which include risk management, there is a local GIRFE (Getting it Right For Everyone) group who manage any adverse events which are escalated from the DATIX risk management reporting system, and the NHS Risk Management Group which is attended by NHS & AHSCP representatives and on occasion will include other partners/agencies.

27. All of the above reports and meetings help to ensure that the risks are monitored to the required standards.

**Control 5 - Risk responses are appropriate and aligned with an appropriately defined and approved risk appetite.**

28. The risk management framework, risk rating method and risk score matrix are all included in the agreed Risk Management Policy and Strategy which has been shared with key personnel.

29. The Executive Lead/Risk Champion also confirmed that she has provided training to the Executive Teams and all risk owners, which should help to ensure that a consistent approach should be taken by all staff.

30. It can be seen that all risks have a planned risk exposure score i.e. the anticipated risk grading after all mitigating actions have been implemented. The Risk Champion stated that she supports risk owners through discussion in determining this score. This is included in the BAF and will then be discussed and agreed with the CCPG before being approved.

31. The Annual Strategic Progress & Performance Report includes a table showing the Angus HSCP Corporate Risk Rating Matrix which includes each risk and a history of the risk scores as presented to each of the 8 meetings for the reported year along with the planned risk exposure. Each of the scores is colour coded to easily identify the risk exposure rating and movement trends of each of the risks.

32. All BAFs are processed through the CCPG to ensure a consistent approach is taken.

33. Although audit was given assurance that the Board's visions and key objectives were considered when identifying risk, there was no formal record to demonstrate these links. After discussions with the Head of Risk for NHS Tayside, who was involved with AHSCP when developing the initial corporate risk strategy and policies, we were informed that this had previously been identified as a weakness by NHS Tayside and resolved by enhancing the existing risk recording on DATIX to include mandatory fields covering Category of Risk and Principle Objectives.

34. AHSCP is now using the DATIX risk management system to record risks and, as risks are reviewed and updated, the AHSCP risk owner is now required to complete the mandatory fields which show the links to the Board's vision and objectives. As this is in progress we will not make any further recommendation in this regard.

35. Although the planned scoring and CCPG views would suggest that the organisation's risk maturity is well developed and is a good starting point to developing the risk appetite, there is no general risk appetite included in the Risk Management Strategy and Policy.

36. The Corporate Strategic Risk Rating Matrix also includes a planned risk exposure score, which is included in performance reports to the Board for their consideration. However the risk appetite is not considered in a structured framework.

**Control 6 - Training and awareness for all stakeholders of the risk management process are sufficient.**

37. There is no formal risk management training, however as previously mentioned we have been given assurance that the risk owners and management teams have all had

informal training.

38. We received evidence of DATIX training for NHS staff. This is the electronic risk management system used by the NHS and includes a risk register module, incident recording module and a complaints module.

39. The DATIX system is used across the whole of the NHS, and AHSCP have been in discussion with partners to ensure that the partnership's risk recording format is compatible with the risk management recording system used in Angus Council (Pentana).

40. We were informed that at a recent meeting it was decided to investigate the roll out of DATIX to the Social Care (Angus Council) side of the partnership; at the time of the initial audit this still had to be approved as there would be a cost in relation to the additional licences and training. The CCPG have approved support for a limited pilot to be conducted in 2020.

**Control 7 - Adequate resources are available to support the risk management process.**

41. As noted above, the Head of Community Health and Care Services, North Angus has been designated as the Executive Lead for Audit, Improvement & Performance (including Risk Management). As the designated Risk Champion she is the driving force behind Risk Management within the AHSCP. This role normally has support from the Clinical Care & Professional Governance Administrator; however the person in this role is currently on a Career Break. Since the initial audit work was undertaken the Head of Community Health and Care Service is now the Interim Chief Officer of the AHSCP and has retained the Risk Champion role until other arrangements are made.

42. The Executive Lead did state that more staff resources would be beneficial, especially given the current staffing circumstances outlined in the paragraph above.

43. The AHSCP Risk Champion stated that she has received assistance from the Head of Strategic Risk and Resilience Planning (NHS) and Manager – Risk, Resilience & Safety (Angus Council).

44. The jointly agreed improvement action plan to address the requirements of the February 2019 report by the Ministerial Strategic Group for Health and Community Care on 'Review of Progress with Integration of Health and Social Care' was reported to the NHS Tayside Board in December 2019. This report includes an action plan for each of the Tayside Partnerships.

45. The Improvement Plan for AHSCP includes improvement to the governance and accountability arrangements and specifically mentions the establishment of a CCPG sub-group established for review of inspections, adverse events etc. including Risk Register development.

46. There are further actions around statutory partners ensuring that Chief Officers are effectively supported including setting up service level agreements and associated resources. Although risk management is not explicitly referred to it is one of the

support functions.

**Control 8 – Risks with partner organisations are appropriately managed.**

47. Evidence was received showing that there are liaison meetings between AHSCP and Angus Council which include risk management. There are separate meetings held between AHSCP and NHS Tayside regarding risk management.

48. The Executive Lead also confirmed that she has meetings with the Risk Managers from the partners and other Tayside IJBs on an informal basis.

49. Evidence was received of a meeting being held with the Risk Management Team from NHS, AHSCP and other Tayside IJBs, this was at the time that the audit work was being carried out and related to updating the Risk Management Policy and Strategy.

50. Operationally risks are passed to the relevant departments where risk owners are identified. It is then the CCPG who are responsible for monitoring and challenging the risk and their respective BAFs.

51. Whilst these interactions provide AHSCP with routes for risk escalation and discussion on operational risks; there is no clear process agreed by all relevant partners to identify/escalate, evaluate, record and monitor shared risks. In addition, there is no clear flow of assurance from the partner bodies to AHSCP on risks controlled by their partners.

52. AHSCP operates within an extremely complex risk and assurance environment which includes reliance on the risk management frameworks operating within Angus Council and NHS Tayside, as well as Dundee and Perth & Kinross partnerships in relation to hosted services. These other frameworks also undergo a continuous process of development.

53. The update to the Risk Policy & Strategy should include reference to the interdependencies of these systems and reflect the respective risk management responsibilities of all the partners aligned to the governance arrangements for AHSCP specifically in relation to identifying/escalating, evaluating, recording and monitoring shared risks as well as a clear flow of assurance on shared risks.

## Section 4 Definition of Assurance and Recommendation Priorities

### *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. **Action is imperative to ensure that the objectives for the area under review are met.** | None |
| 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.** | Four |
| Merits attention |  | There are generally areas of good practice. **Action may be advised to enhance control or improve operational efficiency.** | Two |