

Standards, Audit and Risk Committee

Committee Room 2 (FHM05.002), 5th Floor, Fife House, North Street, Glenrothes



Thursday, 17 August, 2023 - 10.00 a.m.

AGENDA

Page Nos.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** – In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.
3. **MINUTE** - Minute of the meeting of the Standards, Audit and Risk Committee on 30 June 2023. 3 - 6
4. **DATA PROTECTION REPORT ANNUAL REPORT 2022/23** – Report by the Head of Legal and Democratic Services. 7 - 12
5. **2023/24 ISSUED AUDIT REPORTS** – Verbal update by the Service Manager - Audit and Risk Management Services.
6. **FRAUD AND IRREGULARITY - AUDIT SCOTLAND'S ANNUAL REPORT 2022/23** – Report by the Service Manager - Audit and Risk Management Services. 13 - 30
7. **FIFE INTEGRATION JOINT BOARD (IJB) 2022/23 ANNUAL INTERNAL AUDIT REPORT** – Report by the Service Manager - Audit and Risk Management Services. 31 - 55
8. **STANDARDS, AUDIT AND RISK COMMITTEE FORWARD WORK PROGRAMME** 56 - 58

Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.

Lindsay Thomson
Head of Legal and Democratic Services
Finance and Corporate Services

Fife House
North Street
Glenrothes
Fife, KY7 5LT

10 August, 2023

If telephoning, please ask for:

Wendy MacGregor, Committee Officer, Fife House 06 (Main Building)

Telephone: 03451 555555, ext. 442178; email: Wendy.MacGregor@fife.gov.uk

Agendas and papers for all Committee meetings can be accessed on
www.fife.gov.uk/committees

BLENDED MEETING NOTICE

This is a formal meeting of the Committee and the required standards of behaviour and discussion are the same as in a face to face meeting. Unless otherwise agreed, Standing Orders will apply to the proceedings and the terms of the Councillors' Code of Conduct will apply in the normal way

For those members who have joined the meeting remotely, if they need to leave the meeting for any reason, they should use the Meeting Chat to advise of this. If a member loses their connection during the meeting, they should make every effort to rejoin the meeting but, if this is not possible, the Committee Officer will note their absence for the remainder of the meeting. If a member must leave the meeting due to a declaration of interest, they should remain out of the meeting until invited back in by the Committee Officer.

If a member wishes to ask a question, speak on any item or move a motion or amendment, they should indicate this by raising their hand at the appropriate time and will then be invited to speak. Those joining remotely should use the "Raise hand" function in Teams.

All decisions taken during this meeting, will be done so by means of a Roll Call vote.

Where items are for noting or where there has been no dissent or contrary view expressed during any debate, either verbally or by the member indicating they wish to speak, the Convener will assume the matter has been agreed.

There will be a short break in proceedings after approximately 90 minutes.

Members joining remotely are reminded to have cameras switched on during meetings and mute microphones when not speaking. During any breaks or adjournments please switch cameras off.

THE FIFE COUNCIL - STANDARDS, AUDIT AND RISK COMMITTEE – BLENDED MEETING

Committee Room 2, Fife House, North Street, Glenrothes.

30 June 2023

10.00 am - 1.00 pm

PRESENT: Councillors Dave Dempsey (Convener), Lesley Backhouse, John Beare, Al Clark, Graeme Downie, Gary Holt, Sarah Neal, Gordon Pryde and Ross Vettraino (substituting for Anne Verner).

ATTENDING: Eileen Rowand, Executive Director, Finance and Corporate Services; Elaine Muir, Head of Finance; Les Robertson, Head of Revenue and Commercial Services; Pamela Redpath, Service Manager – Audit and Risk Management Services; Laura Robertson, Finance Operations Manager; Anne Bence, Accountant; Paul Noble, Accountant; Paul Vaughan, Head of Communities and Neighbourhoods; Joan Lamie, Service Manager (Housing Estates and Safer Communities); Gavin Smith, Service Manager (Housing Management Executive); Susan Keenlyside, Service Manager, Sustainable Transport and Parking; John Rodigan, Head of Environment and Building Services; John Mitchell, Head of Roads and Transportation Services; Alan Paul, Head of Property Services; Tariq Ditta, Head of Facilities Management Services; Lindsay Thomson, Head of Legal and Democratic Services; Helena Couperwhite, Manager – Committee Services; and Wendy MacGregor, Committee Officer, Legal and Democratic Services.

ALSO ATTENDING: Nick Bennett, Engagement Lead, Azets Audit Services.

APOLOGIES FOR ABSENCE: Councillors Tom Adams and Ann Verner.

43. DECLARATIONS OF INTEREST

No declarations of interest were submitted in terms of Standing Order No. 22.

44. MINUTE

The Committee considered the minute of the Standards, Audit and Risk Committee meeting on 25 May 2023.

Arising from the minute, in relation to Para 39 (2) – (2022/23 Issued Audit Reports) - concerns were raised in relation to ensuring that new staff within Education and Children's Services and Health Social Care and current staff, were all registered with the Scottish Social Services Council (SSSC) identified as part of the five recommendations (one being critical) in the audit process. Assurance was requested from the Service Manager, Audit and Risk Management Services, for confirmation that these five recommendations, had been implemented by the deadline of 30 June 2023.

Decision

The committee:-

- (1) requested a report for consideration at its meeting on 17 August 2023 providing an update on the registration of staff with the SSSC, as part of the five recommendations; and
- (2) agreed to approve the minute.

45. 2021/22 AND 2022/23 ISSUED AUDIT REPORTS

The committee considered a report by the Service Manager, Audit and Risk Management Services summarising findings from the Internal Audit Reports finalised since its meeting on 25 May 2023. The report also highlighted any areas of concern and if applicable, instances where Services were not taking appropriate action.

Decision

The committee:-

- (1) noted the contents of the report and the summary of findings detailed at Appendix 1 of the report;
- (2) requested a briefing note for members, detailing issues and challenges relating to the operation of and maintenance on hybrid (hydrogen/ diesel) vehicles following concerns on reliability – the convener to liaise with the convener of the relevant scrutiny committee to determine whether any scrutiny was required;
- (3) requested a briefing note for members detailing the number of vacant surplus properties owned by the council, why they were vacant and any action the council was taking regarding disposals; and
- (4) requested a briefing note for all members providing detail on sundry debt collection, relating to the number of invoices raised and issued to home owners/occupiers requesting payment for joint repairs on partly owned council property, to include the number of invoices paid by home owners/occupiers.

46. 2022/23 INTERNAL AUDIT ANNUAL REPORT

The committee considered a report by the Service Manager, Audit and Risk Management Services, providing the 2022/23 Internal Audit Annual Report including an independent annual internal audit opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control framework. Also included in the report was a summary of the key activities of Audit Services from which the opinion was derived.

Decision

The Committee:-

- (1) noted the contents of the report; and

2023 SA 21

- (2) commended the effective controls and operations implemented by the Service Manager, Audit and Risk Management Service and team, to provide reasonable assurance on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

Committee adjourned at 11.20 am and the Committee reconvened at 11.30 am.

47. ANNUAL GOVERNANCE STATEMENT FOR THE YEAR TO 31 MARCH 2023

The committee considered a report by the Executive Director, Finance and Corporate Services presenting the Annual Governance Statement for consideration, approval and inclusion in the unaudited Annual Accounts for the year ended 31 March 2023.

Decision

The Committee:-

- (1) noted the contents of the report;
- (2) approved the Annual Governance Statement, attached as an Appendix to the report and
- (3) noted that, following approval, the Executive Director, Finance and Corporate Services would include the Annual Governance Statement in the Annual Accounts for the year to 31 March 2023.

48. FIFE COUNCIL UNAUDITED ANNUAL ACCOUNTS 2022-23

The committee considered a report by the Executive Director, Finance and Corporate Services relating to the unaudited accounts for Fife Council and its group for 2022-23.

Decision

The committee:-

- (1) considered and noted the draft unaudited accounts for Fife Council and its group for 2022-23;
- (2) requested a briefing note for all members on concession service charges featured in the annual accounts, with consideration to be given on the requirement for a workshop; and
- (3) requested the updated annual governance statement be included in the draft annual accounts.

Cllr Al Clark left the meeting during consideration of the above item.

49. FIFE COUNCIL CHARITABLE TRUSTS - UNAUDITED ANNUAL REPORT AND FINANCIAL STATEMENTS 2022-23

The committee considered a report by the Executive Director, Finance and Corporate Services relating to the unaudited annual accounts and financial statements for Fife Council Charitable Trusts for 2022-23.

Decision

The committee considered and noted the unaudited annual accounts and financial statements for Fife Council Charitable Trusts for 2022-23.

50. RISK MANAGEMENT UPDATE

The committee considered a report by the Service Manager, Audit and Risk Management Services relating to an update to the Council's Risk Management Policy and Strategy document and providing an update on progress made towards implementing the Risk Management Improvement Plan (RMIP) and Roll Out Plan. The report also included an update on the level of risk within the Council's Strategic Risk Register as of 29 May 2023.

Decision

The committee:-

- (1) approved the council's revised Risk Management Policy and Strategy, which included the new Risk Impact Assessment Matrix as detailed at Appendix A to the report;
- (2) noted the content of the RMIP and status of actions, detailed at Appendix B to the report;
- (3) noted the summarised content and progress of the Roll Out Plan, detailed at Appendix C to the report;
- (4) approved the council's Strategic Risk Register following the most recent review, detailed at Appendix D to the report and noted that the Strategic Risk Register would be continuously reviewed and updated where appropriate;
- (5) noted the planned comprehensive review of the risks within the Strategic Risk Register (SRR); and
- (7) noted that further updates on Risk Management arrangements would be provided throughout 2023/24 in line with the Policy and Strategy document.

Councillor Graeme Downie left the meeting during consideration of the above item.

17 August 2023

Agenda Item No. 4

Data Protection Annual Report 2022/23

Report by: Fiona Smyth, Data Protection Officer, Legal and Democratic Services

Wards Affected: All

Purpose

This is the 2022/23 annual report highlighting key data protection statistics for Fife Council, major developments in relation to data protection law and practice and Fife Council data protection priorities. The report covers the period 1st April 2022 – 31st March 2023.

Recommendation(s)

That the Committee:-

1. Note the work being done across the Council to ensure continued compliance across the Council with the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018 and the work of the Data Protection Team in continuing to support services across the Council to develop processes and embed systems in a way that complies with the Councils data protection obligations.
2. Comment on the performance detailed in this report.

Resource Implications

This report does not have any resource implications.

Legal & Risk Implications

Failure to comply with UK GDPR impacts on the Councils ability to deliver efficient and effective services, and leaves the Council exposed to reputational damage, and potential enforcement action from the Information Commissioner's Office (ICO) which, for the most serious breaches can include monetary penalty notices of up to £17.5 million.

Impact Assessment

An IIA Checklist is not required as this is a performance report and does not recommend changes to Council policy and does not require a decision.

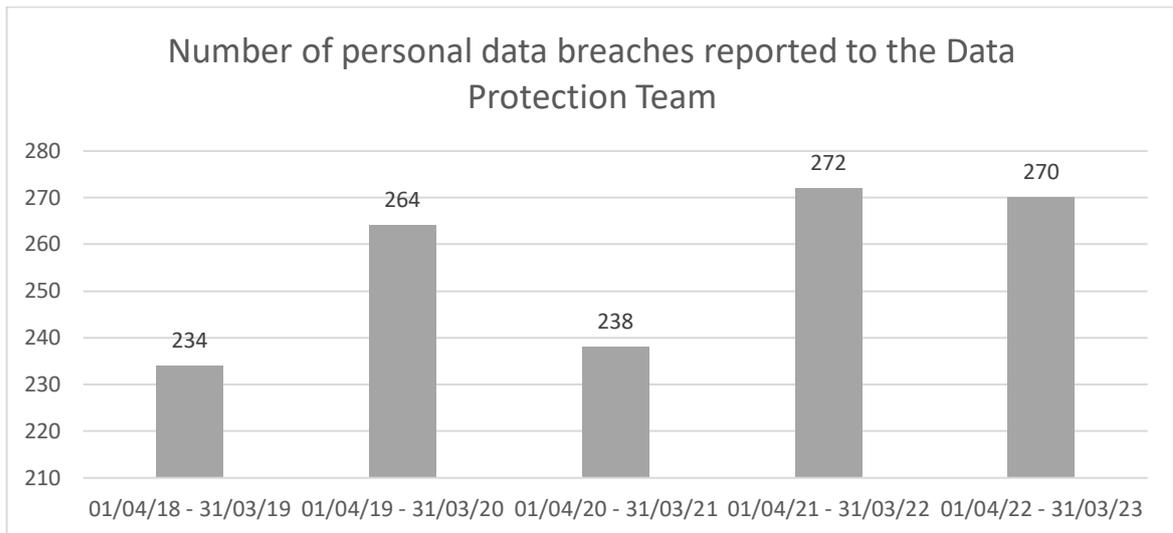
None

1.0 Overview

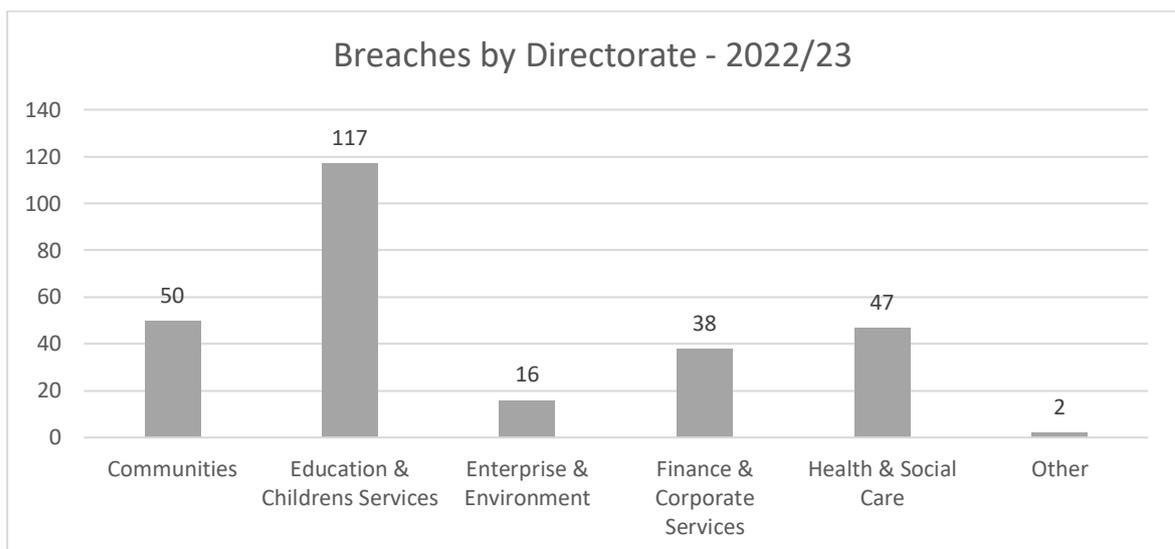
- 1.1 Data Protection legislation in the UK includes the UK GDPR and the Data Protection Act 2018. Whilst data protection law has remained largely static during 2022/23, and the UK GDPR is largely the same as the EU GDPR at present, the UK Government has published new data protection legislation, which is currently making its way through parliament. The stated aim of this new legislation is to encourage growth in the digital economy and reduce the burden of compliance. The DPO and Data Protection Team continue to monitor developments in this field to ensure that the Council is prepared for the implementation of any revised legal framework.
- 1.2 In supporting service delivery across the Council, a key priority for the Data Protection Team remains to promote and seek to embed good practice across all data processing activities and to ensure that data protection governance and accountability processes operate efficiently and provide effective assurance. Much of the focus of the team over the reporting period has been on continuing to support services where new technologies and new ways of using data are key to the delivery of the Plan for Fife.
- 1.3 Other key areas of focus for the data protection team in 2022/23 included the introduction of a new assessment framework for information sharing agreements; the review of contractual and organisational approaches to international transfer of personal data including the adoption of an international transfer risk assessment process developed by the ICO and the consideration of governance and compliance issues surrounding the use of AI tools across Council services.
- 1.4 During 2022/23 the Data Protection Team has been involved in discussions surrounding the Councils approach to the adoption and roll out of Artificial Intelligence (AI) tools. Such tools can perform tasks which normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages. The balance in this important and emerging area of work is to ensure that the Council can take advantage of the opportunities presented by AI tools whilst ensuring that the Council fully considers, minimises, and mitigates the risks posed to data subjects by them. These risks largely concern aspects of data subject privacy as well as of inherent bias being embedded within them.
- 1.5 Data Protection statistics continue to be reported to the Information Governance Working Group and the ICT Governance Board quarterly together with any recommended actions. This report summarises the key data protection statistics.

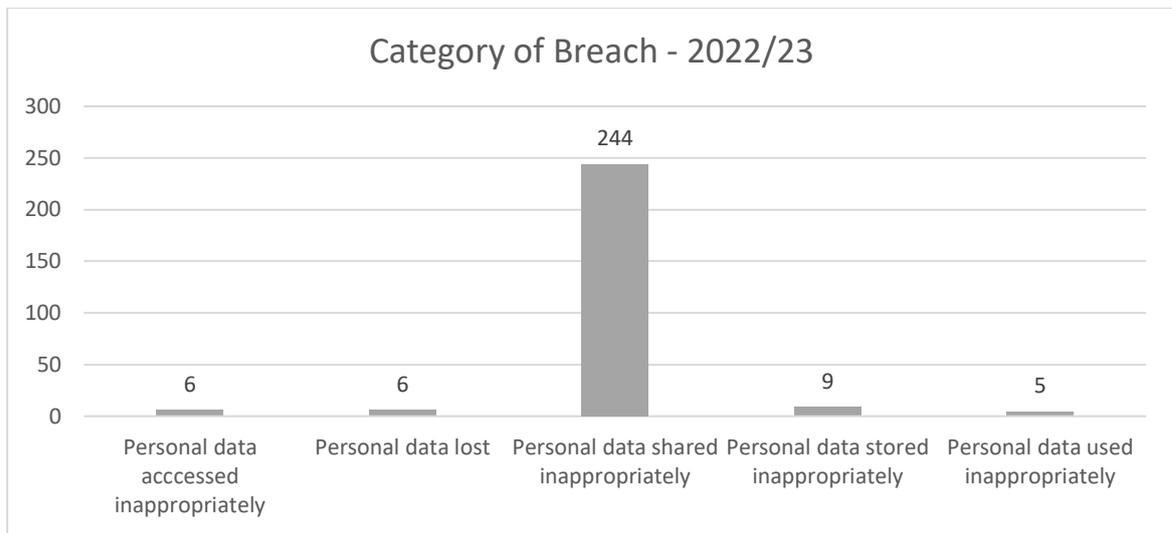
2.0 Personal Data Breaches

2.1 Personal Data Breaches must be reported to the Information Commissioner’s Office within 72 hours where it is likely to result in a risk to people’s rights and freedoms. Where a data protection concern has been reported but does not comprise a breach, this is recorded as a Data Protection Incident. Whilst the team record both incidents and breaches, the statistics reported below are of breach figures only. The following represents a comparison between the number of data protection breaches received in each of the years since the implementation of GDPR in 2018 and evidences that breach levels are fairly static in recent years.



2.2 The charts below illustrate the numbers reported per Directorate over the last year (1st April 2022 – 31st March 2023) and the reasons for the breaches:





- 2.3 The split of breaches across Directorates in 2022/23 broadly mirrors those figures seen in previous years, with the most breaches occurring in Education & Childrens Services and there being relatively few in Enterprise & Environment. It is considered that, given the volume of personal data processing undertaken in Education & Children’s Services, and the extent of direct contact with data subjects in that directorate, it is perhaps unsurprising that most breaches occur there.
- 2.4 In terms of the category of breaches, the Council (and other organisations including the Information Commissioner’s Office) has received most breaches within the “Personal Information Shared Inappropriately” category. This includes, for example, emails containing personal data being sent to the incorrect recipient.
- 2.5 The Data Protection Team has been monitoring trends in data protection breaches and uses this information to guide engagement with teams and across services. The team made recommendations in respect of 74 breaches during 2022/23, including about the need to revise work processes, about training requirements and around technical and organisational measures in place, or rather not in place.
- 2.6 As above, where a breach is likely to result in a risk to individuals rights and freedoms, it must be reported to the Information Commissioners Office. Of the 270 breaches identified in 2022/23, 4 met this definition and were reported to the ICO. Following investigation of each of these breaches by the ICO, no enforcement action or additional recommendations were issued to the Council.

3.0 Subject Rights Requests (excluding Subject Access Requests)

- 3.1 When GDPR was implemented in May 2018 it introduced additional data subject rights that individuals can request be enacted. These rights continue under the UK GDPR.

The Council continues to receive these requests, however, the rates are currently well below our breach or Subject Access Request statistics.

In 2022/23, the Council received 6 Right of Erasure requests, 3 Right to Rectification requests, 1 Restriction of Processing request and 2 Right to Object requests.

- 3.2 Unlike subject access rights, the other data subject rights provided for under UK GDPR are not universal rights but instead apply only where certain types of processing are taking place. As such, whilst the 12 requests received by the team have been fully considered, only 2 have been upheld in full, whereas the others have been refused because the rights cannot be applied to the nature of processing being done by the Council.
- 3.3 The Councils performance in handling Subject Access Requests (SAR) is separately reported to the Committee within the Information Request Annual Report.

4.0 Data Protection Training

- 4.1 Data Protection training is mandatory for all staff to complete when they join the Council and every two years of their employment. A Data Protection training module is available via Oracle Cloud. To cover staff who do not have access to Oracle Cloud, Toolbox talks are still available for Services.
- 4.2 The Council aims to achieve a completion rate of data protection training of 95%, which is in line with the recommendation of the ICO.
- 4.3 The Council wide rate of completion as at 31st March 2023 was **69.61%**.

This is a further improvement from 31st March 2022 (when the Council wide completion rate was 60%), however, this is still some way below target and addressing this gap remains a priority within the data protection team.

- 4.4 The Directorate level completion rates as at 31st March 2023 were:

| | |
|-------------------------------|---|
| Communities | 62% (no change from 31/03/21) |
| Education & Children Services | 73% (up from 68% as at 31/03/21) |
| Enterprise & Environment | 49% (up from 33% as at 31/03/21) |
| Finance & Corporate Services | 98% (up from 78% as at 31/03/21) |
| Health & Social Care | 80% (up from 69% as at 31/03/21) |

- 4.5 It is recognised that these completion rates largely reflect online training completion only and do not, for example, report on the completion of toolbox talks (largely within Enterprise & Environment) or other face to face training opportunities. To address this gap, HR and BTS colleagues will shortly roll out a new system for managers to view 'live' training information for all of their staff, and it is envisaged that this will enable improvements to the completeness of training figures to be made.

5.0 Conclusion

- 5.1 The Data Protection Team continue to advise and assist colleagues across the Council to ensure that personal data processing meets its statutory obligations. Over the course of the next reporting year, a revised Data Protection Impact Assessment (DPIA) tool will be rolled out to further enhance this work and a data protection / information governance maturity model assessment tool will be introduced in order to capture areas of good practice and identify areas in which improvements are required.
- 5.2 Whilst personal data breach levels remain fairly static and there is a low number of incidents which require reporting to the ICO and the Data Protection team will continue to review and investigate all breaches to ensure all relevant steps are implemented to avoid reoccurrence.
- 5.3 The improvements seen over recent years in data protection training completion are welcome, but it is recognised that there is still further improvement required to meet the aim of at least 95% of staff having completed this within the past two years. Continuing to seek to secure improvement in completion rates across all directorates will remain a priority for the data protection team in the coming year.

List of Appendices

None

Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:

None

Report Contact

Fiona Smyth
Data Protection Officer
Fife House

Email: Fiona.smyth-fc@fife.gov.uk

17 August 2023

Agenda Item No. 6

Fraud and Irregularity – Audit Scotland’s Annual Report 2022/23

Report by: Pamela Redpath, Service Manager - Audit and Risk Management Services

Wards Affected: All

Purpose

To provide members of the Standards, Audit and Risk Committee with a summary of the above national report that has been compiled by Audit Scotland for public bodies and auditors.

Recommendation(s)

The Committee is asked to note the contents of Audit Scotland’s 2022/23 Annual Report on Fraud and Irregularity at Appendix A.

Resource Implications

None.

Legal & Risk Implications

If the recommendations in the Audit Scotland report are not considered and, where appropriate, acted upon, the Council may be exposed unnecessarily to a higher risk of fraud and irregularity, particularly in the areas highlighted.

Impact Assessment

An EqIA has not been completed and is not necessary as the report does not propose a change or revision to existing policies and practices.

Consultation

No consultation required.

1.0 Background

- 1.1 Fraud and Irregularity 2022/23 is an annual report prepared by Audit Scotland for all public bodies and auditors in Scotland (see Appendix A). The report shares information about 12 cases where internal control weaknesses in public bodies have led to fraud and irregularity. The cases relate to grant payments, payroll, pensions, procurement cards, school funds, invalid suppliers, and theft of random-access memories (RAMs) from laptops.
- 1.2 The control weaknesses that contributed to the fraudulent and irregular activity were: not checking all details on applications for funding, lack of management checking, no independent confirmation with the customer before changing bank account details, not following procedures, a lack of segregation of duties, weak authorisation processes, lack of awareness of potential fraud risks and poor security arrangements.
- 1.3 The purpose of Audit Scotland's report is to help prevent similar circumstances happening again. External auditors conducting audits in public bodies throughout Scotland have shared specific details surrounding significant frauds and other irregularities during 2022/23. The level of fraud and irregularity reported by external auditors during 2022/23 totalled over £139,000, a very small proportion of the 2022/23 Scottish budget of £56.5 billion.
- 1.4 Public bodies are encouraged to consider whether the internal control weaknesses that facilitated each of the 12 cases highlighted in the 2022/23 Annual Report may exist in their own arrangements and take corrective action if required.
- 1.5 Following work carried out by both Internal Audit and the Corporate Fraud Team, controls have been tightened within Pensions and the Shared Service Centre around changes to customer bank account details. Staff use open-source methods to verify customer contact details prior to independently confirming with the customer that any request to change their bank account details are legitimate. The Corporate Fraud Team has also provided training and advice to the teams dealing with Social Work Crisis Grants, Communities Hardship Grant Funds and the Scottish Welfare Fund, where controls have been tightened. Controls include the checking of specific details on applications and supporting documentation with a view to identifying potentially fraudulent applications, including duplicate applications. Fraud intelligence (often relating to the types of cases highlighted in the 2022/23 Annual Report) received via a number of sources, including NAFN (National Anti-Fraud Network), SLACIAG (Scottish Local Authorities Chief Internal Auditors' Group) and SLAIG (Scottish Local Authority Investigators Group) is also shared immediately with key members of staff in the Council so that prompt action can be taken if required.

2.0 Report Recommendations

- 2.1 The Audit Scotland report recommends that public bodies should ensure they have effective counter-fraud arrangements in place. It also states that auditors should review whether counter-fraud governance arrangements are effective, regularly reviewed, revised as necessary and that internal controls are operating effectively to help prevent fraud and irregularity, including the cases detailed in the report. There is an audit scheduled in the 2023/24 Internal Audit Plan on Fraud Governance, which will assess the robustness of the framework in place to identify potential risks arising from fraud and the measures in place to mitigate them.
- 2.2 The report also suggests ways to reduce counter-fraud risks and prevent fraudulent activity from occurring.

3.0 Conclusions

- 3.1 The Council has a Strategy and Response Plan for the Prevention and Detection of Fraud and Corruption and an ongoing Fraud Plan which is reviewed and updated to include any relevant emerging counter-fraud risks, including those identified in the annual Fraud and Irregularity reports published by Audit Scotland.
- 3.2 The Corporate Fraud Team is currently working with services co-ordinating the 2022/23 National Fraud Initiative (NFI) biennial data matching exercise led by the Cabinet Office, which is designed to help participating bodies detect fraud and error. The Team has provided training, guidance and made recommendations for improvement in relation to Grant Payments, Supplier Bank Detail Amendments and Pensions Fraud.
- 3.3 The Audit Team continues to regularly review and evaluate controls and ensure effective governance arrangements are in place. In addition to the Fraud Governance audit referred to at 2.1 above, some specific areas highlighted in the Audit Scotland Report are included in the 2023/24 Internal Audit Plan such as Grant Payments, Procurement Cards and Salary Overpayments. Audit and Risk Management Services will consider whether control weaknesses exist in any of the other areas reported, which have not already been covered in previous audit / fraud work or included in the 2023/24 Internal Audit Plan.

List of Appendices

A. Fraud and Irregularity – Audit Scotland’s Annual Report 2022/23

Report Contact:

Pamela Redpath

Service Manager – Audit & Risk Management Services

Email – Pamela.Redpath@fife.gov.uk

Fraud and irregularity

Annual report 2022/23



Contents

| | |
|--|----|
| Key messages | 3 |
| Recommendations | 4 |
| Fraud and irregularity identified during 2022/23 | 5 |
| Further information | 14 |

Accessibility

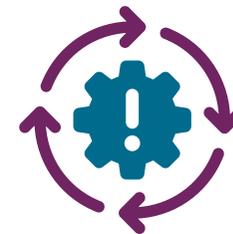
You can find out more and read this report using assistive technology on our [website](#).

For information on our accessibility principles, please visit: www.audit-scotland.gov.uk/accessibility.

Key messages



- 1 During 2022/23, 12 cases of fraud and irregularity valued over £139,000 were identified. Weaknesses in internal controls contributed to each case identified.



- 2 Auditors have found that public bodies have effective systems, procedures and controls in place to help prevent and detect the majority of fraud and irregularity.

Recommendations

Public bodies should ensure they have effective counter-fraud arrangements.

This includes:

- undertaking a fraud risk assessment to identify areas at risk
- having effective counter-fraud governance arrangements
- having a counter-fraud strategy and regularly reviewing counter-fraud plans
- regular assessment and review of internal controls
- considering the control weaknesses identified in this report.

Auditors should review:

- whether counter-fraud governance arrangements are effective and regularly reviewed and revised as necessary
- the effectiveness of counter-fraud controls along with the details on the control weaknesses identified in this report.

Fraud and irregularity identified during 2022/23

Auditors provide Audit Scotland with details of fraud and irregularity discovered in their audited bodies. This report sets out the cases identified during 2022/23 including the details of the control weaknesses which contributed to these cases.

Aims of this report

1. This report shares information where control weaknesses have contributed to fraud and irregularity. This report aims to help prevent similar situations happening in other bodies by sharing the details and highlighting weaknesses in internal controls. Other cases of fraud or irregularity may exist that were not facilitated by weaknesses in internal controls. External auditors¹ identified 12 cases of fraud and irregularity totalling over £139,000 in audited bodies in 2022/23 (seven cases totalling £401,500 were identified in 2021/22). This level of fraud and irregularity is very small when compared to the £56.5 billion Scottish budget.²

2. The cases included in this report have been investigated internally but will not necessarily have been reported to Police Scotland or to have been proven as fraud in a court of law.

3. This report encourages public bodies to consider the cases included in this report and reflect whether the same control weaknesses exist in their own systems. Public bodies are also encouraged to regularly review their counter-fraud arrangements to ensure they remain effective against both existing and newly emerging types of fraud and irregularity.

4. The case studies in this report aim to help auditors consider and review the effectiveness of the counter-fraud governance arrangements in their audited bodies.

¹ External auditors report frauds, or suspected frauds, to Audit Scotland where they are caused or facilitated by weaknesses in public bodies' internal controls. Frauds and irregularities are considered significant where the value of the loss is over £5,000 or where it is of significance owing to the nature of the activity.

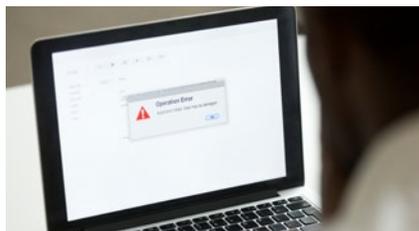
² [Scottish Budget 2022 to 2023: Your Scotland, Your Finances – guide](#)

Fraud and irregularity cases identified in 2022/23

Fraud and irregularity identified during 2022/23 totalled over £139,000 and fell into the following categories:



5 cases
Grant payments



1 case
Invalid supplier



1 case
Procurement card



1 case
School funds



3 cases
Payroll and pensions



1 case
Theft

Control weaknesses

The following control weaknesses contributed to the fraudulent and irregular activity identified during 2022/23.



Not checking all details on applications for funding



Lack of management checking



No independent confirmation with the customer before changing bank account details



Not following procedures



A lack of segregation of duties



Weak authorisation processes



Lack of awareness of potential fraud risks



Poor security arrangements

Specific details of the fraud and irregularity cases identified during 2022/23 are on the following pages.



Expenditure

Expenditure fraud relates to cases where a body has incurred additional expenditure because of fraud. This may be due to invalid suppliers, fictitious invoicing, or the redirection of payments intended for legitimate suppliers.

Case study 1. Grant payments

Four unknown third parties made four fraudulent grant applications for Covid-19 support totalling £51,000.

Key features

Supporting documentation and proof of bank account evidence was provided. The frauds were possible as there were small differences in the business name and email address which were not picked up. The bank accounts used to facilitate the fraud were included in a suspicious activity report; however, due to pressure to ensure grants were paid without delay the applications were processed and paid despite this.

In one case, the fraud was identified after the grant payment was rejected by the bank. In the other cases, a retrospective data-matching exercise identified the frauds.

Retrospective checking including use of a national data-sharing facility has since been carried out on all Covid-19 grant payments.

Case study 2. Grant payments

An unknown individual compromised a grant recipient's email account and committed bank mandate fraud. A grant of £12,300 was subsequently paid to the fraudulent bank account.

Key features

After informing the grant applicant that their application was successful, the council received a request to change the grant recipient's bank account details.

The request came from the genuine grant recipient's email account and contained an attachment on headed paper requesting the change. The bank details were then changed.

The fraud was identified when the genuine grant recipient reported non-receipt of the funds.

The fraud could have been prevented if the council had contacted the grant recipient to confirm the bank account changes.

The council have since issued bank mandate guidance for staff and existing controls have been strengthened.

Case study 3. Invalid supplier

A third party defrauded over £11,000 from a public body by purporting to be a supplier to the body.

Key features

The public body received a request by email to amend a supplier's bank account details. The supplier's email address had been intercepted by a fraudster who requested the change.

The fraud was possible as the public body did not telephone the supplier to verify the change of bank details.

The issue was identified when the genuine supplier queried why the payment had not been received.

The public body's counter-fraud team has reviewed the process for changing suppliers' bank account details and improvements have been made to procedures.

The matter has been reported to Police Scotland.

Case study 4. Procurement card

A manager misused a procurement card to the extent of £5,450 to withdraw cash fraudulently and to make fraudulent payments.

Key features

The fraud was identified when the manager was on leave and another member of staff looked for the cash.

The fraud was possible as management did not check procurement card receipts or supporting documentation prior to approving expenditure.

The body is reviewing the number of procurement cards holders and approvers and staff are required to complete refresher training on procurement cards. The manager has been dismissed.

Case study 5. School funds

A head teacher embezzled over £5,300 from a school fund.

Key features

The teacher fraudulently used the school fund purchase card, which was held in the name of another member of staff, for personal purchases. The teacher also falsified an invoice to disguise the payment of a personal membership fee, and misappropriated school fund concert cash that had been entrusted to the teacher.

The fraud was identified after concerns were raised regarding misappropriation of the school fund purchase card.

Subsequent investigations identified that high-value items purchased from the school fund could not be located on the school premises. These items were subsequently recovered from the teacher's home.

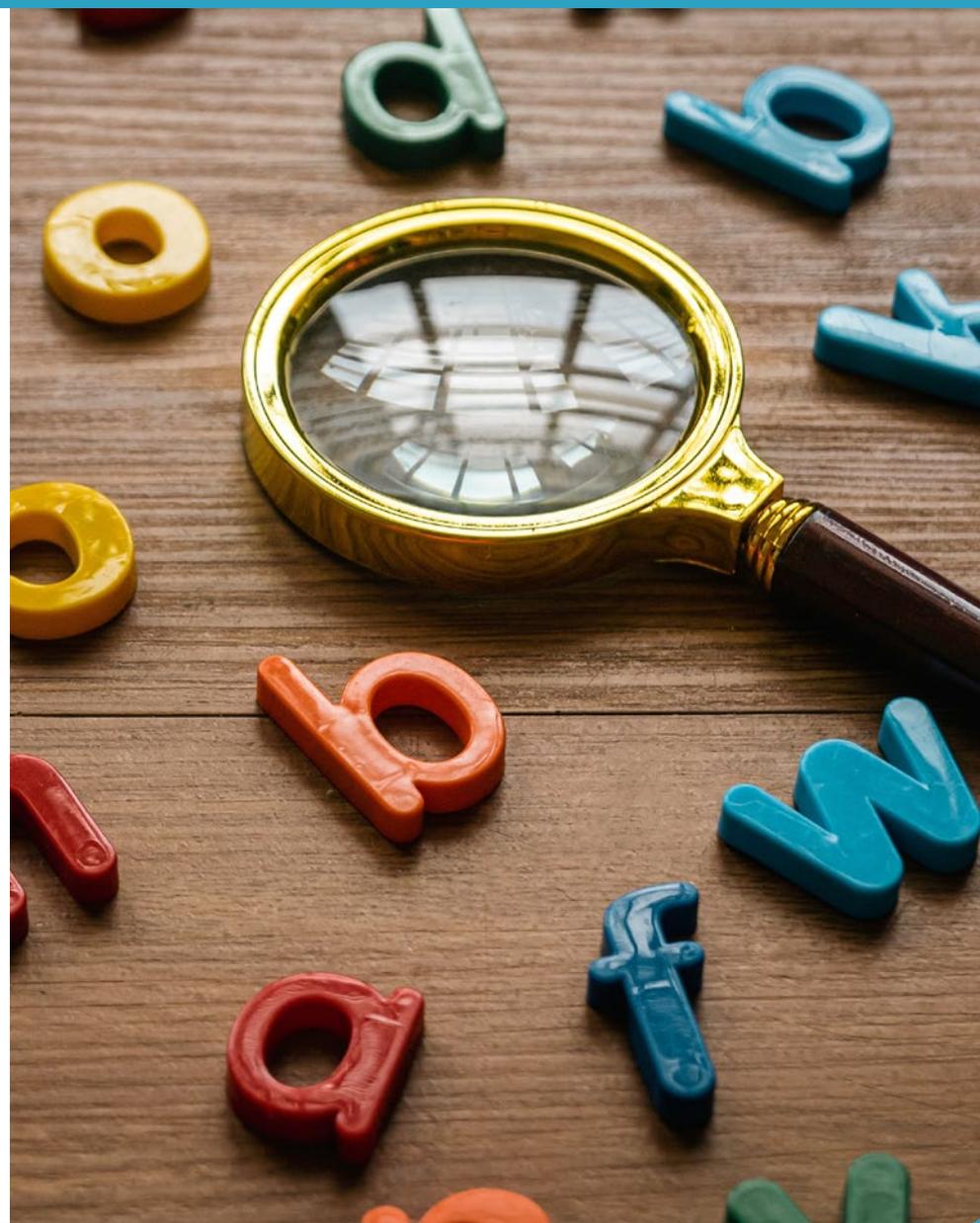
The fraud was possible as, due to the seniority of the teacher; the actions were not challenged by other staff. In practice, there was no segregation of duties.

The council has:

- revised school fund procedures
- introduced random sampling of purchase card transactions
- provided fraud awareness and procurement training to school staff.

The case has been reported to the Procurator Fiscal. The teacher resigned following the instigation of disciplinary proceedings.

Items to the value of £1,600 have been recovered.



Payroll and pension fraud

Payroll and pension fraud relates to people receiving payroll or pension payments to which they are not entitled.

Case study 6. Payroll fraud

A council employee failed to report a £25,000 payroll overpayment over a three-year period.

Key features

An error in processing a reduction in working hours resulted in an increase to the employee's salary. The error was not identified by the authorising officer, and the employee did not report the overpayment.

The fraud was identified during a data check carried out by the council. The fraud was not detected earlier as the normal annual data checks were suspended during the pandemic.

The council has issued reminder instructions to staff processing and authorising payroll amendments to emphasise the importance of ensuring that details are correct. A new checking process has been introduced that requires staff to verify any change of working hours requests to amendment forms, contracts, and payroll details.

Disciplinary action has been taken and recovery action is in process.

Case study 7. Payroll fraud

An ex-council employee failed to report a £10,500 payroll overpayment over a seven-month period.

Key features

The employee left the council's employment and moved to a health board following a secondment period. However, the council salary continued to be paid for seven months after the employee left the council.

The fraud was identified when the health board queried an invoice for recovery of the employee's costs.

The fraud was possible as the employee's manager in the council failed to complete a termination form.

The manager has been reminded of the requirement to complete termination forms. The council has reintroduced a previously suspended monthly report requiring managers to confirm the employment status of employees in their service.

A repayment plan is in place to recover the overpayment.

Case study 8. Pension payments

A third party claimed over £6,600 from a widower's pension following his death.

Key features

The fraudster had notified the pension fund of a change of bank details for receipt of the pension after the pensioner had died. This notification came from the same email account used for the original bank mandate. The personal details provided, along with the signature, matched those on the original bank mandate and it was processed.

The fraud was identified as part of the National Fraud Initiative (NFI).

The fraud was possible as there was limited consideration given to the potential risks associated with the receipt of new bank details. An internal audit investigation identified recommendations to help strengthen controls around changes to bank details.

Police Scotland identified the individual who submitted the fraudulent bank mandate and, following a police caution, the full amount was repaid.



Theft

Theft relates to cases where someone acts dishonestly appropriating property belonging to another with the intention of permanently depriving the other of it.

Case study 9. Theft

An unidentified perpetrator stole random access memories (RAMs) valued at £12,000 from laptops stored in the office of a public body.

Key features

It was discovered during a stock check that some laptops had been opened and RAMs removed.

The theft was possible due to poor security arrangements. The perpetrator has not been identified due to the absence of CCTV.

Security procedures have been strengthened and a process for controlling the distribution of laptops has been developed.



Further information

Further information about Audit Scotland's work on counter-fraud is available on our website. This includes information on:



[Our counter-fraud work](#)



[The National Fraud Initiative](#)



[Red flags in procurement](#)



[Cybercrime:
A serious risk to
Scotland's public
sector](#)



[SEPA continues
to count cost of
cyber-attack](#)

Fraud and irregularity

Annual report 2022/23



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 Email: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

ISBN 978 1 915839 18 3

17 August 2023

Agenda Item No. 7

Fife IJB 2022/23 Annual Internal Audit Report

Report by: Pamela Redpath, Service Manager, Audit and Risk Management Services

Wards Affected: All

Purpose

To submit to members of the Standards, Audit and Risk Committee, for information only, the Fife Integration Joint Board (IJB) 2022/23 Annual Internal Audit Report.

Recommendation(s)

The Committee is asked to note the contents of the Fife Integration Joint Board (IJB) 2022/23 Annual Internal Audit Report at Appendix 1.

Resource Implications

None.

Legal & Risk Implications

Without proper corporate governance, risk management and internal controls in place, the risk increases that the IJB, and its Health and Social Care Partnership, will not achieve its objectives and may suffer financial loss and / or reputational damage. Obtaining independent assurances around the IJB's framework of governance, risk management and control are of fundamental importance to the Council.

Impact Assessment

An Equality Impact Assessment is not required because the report is not proposing a change or revision to existing policies and practices.

Consultation

No consultation required.

1.0 Background

- 1.1 The Integrated Resources Advisory Group guidance states that it is the responsibility of 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. This responsibility includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor.
- 1.2 The IJB formally took over operational responsibility of the delegated functions with effect from 1 April 2016. As detailed in the Chief Internal Auditor's Annual Internal Audit Report for 2022/23 for the Fife IJB, Fife, Tayside and Forth Valley Audit and Management Services (FTF) were appointed as the Internal Auditors for Fife IJB for financial year 2021/22 onwards, including the role of Chief Internal Auditor. Prior to that, Fife Council's Audit Services provided those services.
- 1.3 The Internal Audit Output Sharing Protocol sets out principles in relation to the sharing of key internal audit outputs between the IJB, Fife Council and NHS Fife, including Internal Audit plans and annual reports. In the context of Fife Council and in relation to annual reports specifically, the Internal Audit Output Sharing Protocol requires the IJB Annual Audit Report to be presented to Fife Council's Standards, Audit and Risk Committee for assurance purposes. In return, Fife Council's Annual Audit Report is shared with the IJB.
- 1.4 The Chief Internal Auditor's Annual Internal Audit Report for 2022/23 for the Fife IJB, which was approved by the IJB's Audit and Assurance Committee at its meeting on 28 June 2023, is attached at Appendix 1. The report includes the Chief Internal Auditor's opinion on the IJB's internal control framework for the financial year 2022/23, which was used by the IJB to inform its Annual Governance Statement. The report also summarises the work carried out during the year that supports the opinion.

2.0 Conclusions

- 2.1 The Chief Internal Auditor's Annual Internal Audit Report for 2022/23, which is attached at Appendix 1, includes the Chief Internal Auditor's opinion on the IJB internal control framework for the financial year 2022/23.

List of Appendices

1. Fife IJB's Annual Internal Audit Report 2022/2023

Report Contact:

Pamela Redpath

Service Manager – Audit & Risk Management Services

Email – Pamela.Redpath@fife.gov.uk

FTF Internal Audit Service

Fife IJB Internal Audit Service Internal Audit Annual Report 2022/2023

Issued To: N Connor, Chief Officer
A Valente, Chief Finance Officer

A Sweeney, Risk Compliance Manager (HSCP)
F McKay, Head of Strategic Planning, Performance & Commissioning

Integration Joint Board Audit & Assurance Committee
External Audit

V Salmond, Head of Corporate Services
P Redpath, Service Manager - Audit and Risk Management Services
(Fife Council)

Contents

| Section | | Page |
|-----------|--|------|
| Section 1 | Introduction and Opinion | 2 |
| Section 2 | Issues and Actions | 6 |
| Section 3 | Definitions of Recommendation Priorities | 22 |

| | |
|-------------------------------|---------------------|
| Draft Report Issued | 23 June 2023 |
| Management Responses Received | 26 June 2023 |
| Target Audit Committee Date | 28 June 2023 |
| Final Report Issued | 27 June 2023 |

INTRODUCTION AND OPINION

1. The Integrated Resources Advisory Group (IRAG) guidance outlines the responsibility of the Integration Joint Board (the IJB) to establish adequate and proportionate internal audit arrangements for review of the adequacy of arrangements for risk management, governance and control of the delegated resources.
2. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control.
3. Guidance issued in April 2017 requires IJBs to prepare their annual accounts and governance statements in accordance with Local Authority Accounts (Scotland) Regulations 2014. These regulations require an authority to:
 - 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 2022/2023 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 the work reported within this 2022/23 Internal Audit Annual Report should inform the IJB's judgment on the Governance Statement.
7. Our follow up work showed that of the 6 recommendations from our 2021/22 Annual report, 4 were completed and 2 are progressing and planned for completion by July 2023:
 - Whistleblowing and Fraud arrangements, planned for presentation to the July 2023 IJB
 - The proposal of deep dive risk reviews is to be presented to the June 2023 Audit and Assurance Committee (A&AC)

8. Notwithstanding our positive assessment of the work undertaken, the current external and internal environment in which the IJB operates is exceptionally complex and extremely challenging and there can be no guarantee that arrangements being put in place will mitigate risk to acceptable levels.
9. The new Strategic Plan and associated developments will require careful monitoring of implementation with a strong focus on transformation i.e. what Fife IJB will do differently to be able to deliver on its strategic objectives within severe financial and workforce constraints. Governance arrangements must monitor whether that transformation is delivering improvements sufficient to enable sustainable services and whether it is delivering the necessary, expected benefits. This will be particularly significant in Fife IJB given that delivery of its Strategic Plan is heavily dependent upon delivery of an extensive transformation programme.
10. We note the significant work undertaken during the year to respond to this challenging environment:
 - Following the review of the Integration Scheme, a new governance structure was approved by the IJB in April 2022, including Terms of Reference agreed for three supporting committees and a refreshed SBAR report template;
 - The development and publication of the of the Fife IJB Strategic Plan 2023-26;
 - A Communication and Engagement Plan was approved at the July 2022 meeting of the IJB;
 - The Commissioning Strategy 2023-2026 and associated Market Facilitation and Delivery Plan was approved at the May 2023 meeting of the IJB;
 - The Fife IJB Workforce Strategy 2022-25 and Action Plan was approved by the November 2022 meeting of the IJB for submission to the Scottish Government by 30 November 2022;
 - The Principal Lead for Organisational Development & Culture provided the Fife Health & Social Care Partnership (HSCP) Local Partnership Forum with an update on the Whistleblowing Standards in November 2022, with further work underway to provide appropriate assurance on arrangements in partner bodies.
11. There has been significant progress in Risk Management during the year, with the Risk Management Strategy approved in March 2023 by the IJB. Relevant Strategic Risks from the Strategic Risk Register have been assigned to the appropriate governance committees who provide oversight, scrutiny and assurance over them. The introduction of deep dive reviews for the high Strategic Risks will facilitate effective management of these risks. Development Sessions have been held for members on the new risk appetite which will be presented to Governance Committees in July 2023.
12. The Fife 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 Fife Governance Statement concludes that *'During the 2022/23 financial year, no significant control weaknesses or issues have arisen in the expected standards for good governance, risk management and control'*. Fife Council has produced a draft Governance Statement for 2022/23 which concludes that *'reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control.'* Both statements contain issues of relevance to the IJB, some of which may need to be considered and referenced within the final IJB's Governance Statement once they are formally available.

13. The IJB has produced a draft Governance Statement for 2022/23 which concludes *substantial assurance* in respect of the Fife IJBs overall arrangements for risk management, governance and control for the year to 31 March 2023. The Governance Statement included a status update on recommendations from the IJB annual accounts for 2021-22. Further key improvement actions for 2023-24 were identified:

- Review of Directions Policy
- Creation of new HSCP Website
- Refresh of Publication Scheme
- Continuation of review of all strategies which support the Strategic Plan
- Refresh of Performance Framework
- Review of information flow from SLT to Governance Committee/IJB
- Roll out of Care Opinion

14. As Chief Internal Auditor, this Internal Audit Annual Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2022/23.

15. Based on the work undertaken, I have concluded that:

- **Reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2022/23.**

16. 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

17. The IJB is asked to note this report in evaluating the internal control environment for 2022/23 and consider any actions to be taken on the issues reported for consideration.

INTERNAL CONTROL

18. FTF Internal Audit (FTF) have been appointed as the Internal Auditors for Fife IJB for 2021/22 onwards. The A&AC has approved the Internal Audit Charter, which is reviewed annually, a protocol for the sharing of audit outputs between the partner organisations has been in place, and will be superseded when the revised agreement is fully agreed between the Partners. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS).

19. PSIAS require an independent external assessment of internal audit functions once every five years. The most recent External Quality Assessment (EQA) of the NHS Fife Internal Audit Service in 2018/19 concluded that, *'it is my opinion that the FTF Internal Audit Service for Fife and Forth Valley generally conforms with the PSIAS.'*

20. The 2022/23 internal audit plan was approved at the November 2022 A&AC meeting. Audit work undertaken by FTF 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.

21. 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.
22. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation.

ACKNOWLEDGEMENT

23. 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 and throughout my tenure as Chief Internal Auditor.

A GASKIN, BSc. ACA
Chief Internal Auditor

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

| |
|--|
| A – Corporate Governance |
| A1 – Key arrangements in place as at year end 2022/23 as well as planned and ongoing developments |
| <p>Strategy</p> <p>24. The Strategic Plan was originally planned to cover 2022-2025 with a final draft to be submitted to the Scottish Government (SG) by November 2022 but was extended with the final Strategic Plan approved at the 27 January 2023 IJB meeting. The submission timeline was extended to enable inclusion of consultation findings from an independent survey commissioned by NHS Fife. The extension added value to the Strategic Plan's engagement process and was agreed by the SG.</p> <p>25. Internal Audit F05-21 - Strategic Plan reviewed the arrangements for preparation of the new Strategic Plan, using a Strategy development checklist based around the 5 Ps: Principles, Process, Priorities, Parameters and Product. The report provided <i>Reasonable Assurance</i>, whilst noting a number of potential risks and areas for future development. It contained two <i>Moderate</i> recommendations for implementation by July 2024 which related to:</p> <ul style="list-style-type: none"> ✧ Key areas for inclusion within the development and content of the next iteration of the Strategic Plan; ✧ Regular assurance on the planning, delivery and effectiveness of Transformation Programmes as well as the resources required to deliver the scale of change required, annual consideration of any significant required amendments to the Strategic Plan and regular consideration of the risks to its achievement. <p>26. Whilst the IJB will need to be cognisant of SG ambitions, its priority must be the implementation and monitoring of a realistic, achievable strategy which addresses the needs of the local population post-pandemic within the parameters of available resources, most particularly financial, digital and workforce. This will almost inevitably involve extremely difficult decisions, which may not fully align with public or SG expectations and which were not fully delineated within the Strategic Plan.</p> <p>27. The Delivery Plan 2023 which sets out the detailed objectives for the first year of the Strategic Plan 2023-26 was approved at the March 2023 IJB meeting along with directions to the partners NHS Fife & Fife Council. The Delivery Plan 2023 will provide a foundation for assessment of the Annual Performance Report. The Commissioning Strategy 2023-2026 and associated Market Facilitation and Delivery Plan were approved at the May 2023 IJB.</p> <p>Performance</p> <p>28. The IJB received the Performance Report four times during the year and the Finance Performance & Scrutiny Committee (FP&SC) received the Performance Report at the September 2022 meeting and January 2023 meetings.</p> <p>29. The Partnership is currently reviewing the Performance Framework, including the Performance Report, to reflect on the refreshed Strategic Plan, with a development session for IJB members planned in the near future to consider the new framework.</p> <p>30. The Annual Performance Report 2021-2022 was presented for Assurance at the</p> |

September 2022 meeting of the IJB. The minutes of the meeting demonstrate discussion and note the Assurances from the report.

31. The Health & Social Care Partnership (HSCP) Performance Report Executive Summary presented to the May 2023 IJB meeting showed operational performance has been challenging. The Performance Report has three main categories: MSG; Local Delivery Plan and Management Information indicators.
32. The Ministerial Strategic Group (MSG) for Health and Community Care requested Partnerships to base objectives on 6 high level indicators which have a series of measures aligned to them (15 measures across the 6 indicators). The May 2023 Performance Report presented to the Fife IJB showed 7 measures with improved performance and 8 measures with a decline in performance from the previous year. The following 7 MSG indicators showed improvement in performance in comparison to last year:
 - A&E Conversion Rate
 - Unscheduled hospital bed days
 - Unscheduled hospital bed days – Mental Health
 - Delayed discharge bed days: All reasons
 - Delayed discharge bed days: Health and Social Care Reasons
 - Delayed discharge bed days: Patient/Carer/Family-related reasons
 - Percentage of population (Home Supported)
33. The following 8 MSG indicators have deteriorated since last year:
 - Emergency admissions
 - Emergency admissions from A&E
 - Unscheduled hospital bed days – Geriatric Long Stay
 - A&E Attendances
 - A&E % seen within 4 hours
 - Delayed discharge bed days Code 9
 - Percentage of last six months of life: Community
 - Percentage of population (Home – Unsupported)
34. In addition there are 6 Local Delivery Plan (LDP) indicators. Delayed Discharge and Drug & Alcohol Treatment Waiting Times are meeting target and there are 4 Public Health and Wellbeing indicators where performance is not meeting target of which Public Health Smoking Cessation has more than a 5% variance.
35. The following Internal Indicators are below target:
 - Assessment Beds – Length of stay upon discharge;
 - STAR Beds – Length of stay upon discharge;
 - START – Length of stay upon discharge;
 - Interim placements – Length of time between Placement & Discharge.
36. The 4 Management Information performance indicators show a decline in

performance, with the Complaints to HSCP responded to within the statutory target and Information Requests to HSCP responded to within the statutory target, currently exceeding the 5% variance.

37. Targets have not been set for 12 performance indicators on the Performance Scorecard. The Head of Strategic Planning, Performance and Commissioning has advised that this will be addressed within the refresh of the Performance Framework.
38. We would highlight that 8 and 12 hour A&E attendances are not routinely reported, despite their known impact on mortality rates.

Governance Arrangements

39. Following the review of the Fife Integration Scheme, the governance arrangements of the IJB were reviewed and the April 2022 meeting of the IJB approved:

- The new governance committee structure to commence from June 2022;
- The Terms of Reference for the three supporting committees of the IJB: Audit and Assurance; Quality and Communities and Finance, Performance and Scrutiny;
- A refreshed SBAR Report template.

40. The Governance Manual was updated to reflect the updated structures and was approved at the September 2022 IJB meeting.

41. The IJB met six times during the year and all meetings were quorate. Four Development Sessions were held covering the following topics: Induction for new members; IJB Governance; Palliative Care Transformation and Palliative Care Redesign; Mental Health Services; Strategic Plan Update; Financial Planning; Risk Appetite and Joint Inspection of Adult Services. The A&AC met on 6 occasions during 2022/23; all meetings were quorate with the exception of the November 2022 meeting and decisions taken at this meeting, including approval of the Annual Internal Audit Plan, were not homologated at the next meeting in January 2023.

42. The July 2022 A&AC reviewed its Terms of Reference. Internal Audit provided the A&AC with three Follow Up reports on the status of Internal Audit Recommendations to the: April, November and March meetings over the 2022/23 year. Whilst substantial progress has been made on completing audit recommendations this year, some of the more complex recommendations, which have required extended lead times on Risk Management and Information Governance are progressing and due for completion by September 2023.

43. An update on MSG Indicators was provided to the April 2022 meeting of the A&AC, with further updates provided to the January 2023 meetings of the FP&SC and the Fife IJB. The report to the January IJB stated that 16 indicators were '*Established*' and 6 indicators '*Partly Established*' with most outstanding indicators scheduled for completion by July 2023. Two areas remained '*Not Yet Established*' with no associated timescale: Large Hospital Set-aside (LHSA) arrangements and capacity for Strategic Commissioning of delegated hospital services. The Head of Strategic Planning, Performance and Commissioning advised that progress has started with these two indicators and an update on the MSG indicators is planned for presentation to the September 2023 A&AC.

44. Under its new governance arrangements, the FP&SC will receive 6 monthly report updates to inform of any further areas of development on the MSG indicators and to

provide assurance.

45. We note that the IJB meeting papers are published on the website and the recently appointed Head of Corporate Services is working to include agenda and papers from the three Governance Committees' papers.
46. There has been recognition of the need for additional capacity within the compliance team and in Organisational Development, Finance and Performance and Strategic Planning. We were advised by the Chief Finance Officer that additional resource has also been created for the digital strategy, localities and participation and engagement.

Effective Partnerships

47. The Communities and Wellbeing Partnership (CWP) is the strategic community planning partnership which has oversight of work to improve health and wellbeing and reduce health inequalities in Fife. The CWP is accountable for annual reporting to Fife Partnership Board on delivery of the 'Plan 4 Fife' ambitions, with clear targets and progress reporting linked to the work undertaken by the Partnership in localities.
48. The Care at Home Collaborative is an example of partnership working with Scottish Care. We were advised that further work has been undertaken with the third sector around a programme of work to link the funding to priorities, updating service level agreements and to consider the delivery of best value with a deeper dive to be conducted.

Whistleblowing

49. Our Internal Audit Annual Report 2021/22 recommended that the Fife IJB receive assurance from its partners on the processes in place for Whistleblowing and Fraud and the HSCP's responsibilities on these arrangements. Whistleblowing arrangements are in progress, the Principal Lead for Organisational Development & Culture, provided the HSCP Local Partnership Forum with an update on the Whistleblowing Standards at the November 2022 meeting and provided assurance that the HSCP is compliant. As Fife Council is undertaking a corporate review of their whistleblowing policy, the partnership will use interim arrangements for the next six months. A paper on the whistleblowing arrangements is scheduled for presentation to the LPF and onwards to the committees and the IJB in July 2023 and it should also provide assurance on fraud arrangements for both partner bodies.

Revised Integration Scheme

50. A revised Integration Scheme (IS) was formally approved by Scottish Ministers in March 2022 and presented for assurance to the March 2022 IJB. A revised Governance Manual, incorporating the contents of the new IS was approved at the September 2022 IJB and also reflected changes to Governance Structures and updated the Standing Orders and Financial Regulations.

Directions

51. The Annual Internal Audit Report 2021/22 recommended that the FP&SC be updated on the implementation of Directions issued by the IJB. The IJB approved the monitoring and tracking of issued Directions on a quarterly basis via the FP&SC and an update was provided to the January 2023 FP&SC, including Directions logs for 2020 & 2021. In addition, a Directions update was provided to the November 2022 meeting of the A&AC.

52. The Delivery Plan 2023 as referred to above, sets out the detailed objectives for the first year of the Strategic Plan included Directions to the partners NHS Fife & Fife Council and these Directions will be reviewed in March 2024.

53. As part of the revised governance arrangements a revised SBAR was developed for presentation of committee papers and includes a statement on whether Directions are required to Fife Council, NHS Fife or both. As outlined within developments for 2023/24 within the IJB Governance Statement, the Directions Policy is scheduled for an update.

Risk Management

54. The new Risk Management Policy and Strategy was endorsed by March 2023 A&AC prior to approval at the March 2023 IJB. The Chief Internal Auditor provided advice and comments on the Risk Management Strategy before it was presented to the A&AC. A Short Life Working Group on Risk Management (SLWGRM) was set up by the Risk and Compliance Manager to provide a forum for Health and Social Care services to discuss risk management as a means to contributing to the HSCP aims and objectives and the Strategic Plan. A member of the Internal Audit team attends the SLWGRM group to provide guidance and advice. The draft Risk Appetite Statement is planned for presentation to the governance committees in July 2023.

55. The Strategic Risk Register (SRR) was reviewed by the A&AC throughout the year with the latest SBAR in March 2023 advising that *'the risks on the IJB SRR were last reviewed in February 2023 and considered at the IJB Development Session on 24 February 2023 against the priorities set out in the revised Strategic Plan.'*

56. An SBAR to the May 2023 A&AC included a proposal to implement Deep Dive Review reports using the FTF Committee Assurance Principles. It was agreed that the paper should be presented to all governance committees before presentation to the IJB in July 2023.

57. The draft Risk Appetite Statement will be presented to governance committees in July 2023. Internal Audit have provided comment and management have recognised that future development of risk appetite should include greater detail on how it will affect strategy, decision-making, prioritisation, budget setting and organisational focus; the 'so what' question, which is fundamental to making risk appetite real.

58. Three strategic risks increased their risk score in 2022/23: Finance, Workforce and Demographic/Changing Landscape Impacts. All others were unchanged.

59. We welcome the significant progress on Risk Management Arrangements in 2022/23 in Fife IJB. However, we are aware that the principles underpinning the new strategy have not yet been incorporated within the NHS Fife Risk Management Framework, which is still under development and whilst the Fife Council Risk Management Policy and Strategy is not inconsistent with Fife IJB's, the new RMS is not explicitly referenced nor are its principles fully articulated. Management have advised that this reflects the difficulty of aligning these documents when the relevant organisations are at different levels of maturity and adhering to different governance demands, structures and timescales. However, we would suggest that the three Risk Management Strategies should be overtly aligned in future, in accordance with the requirements of the Integration Scheme.

60. The table below lists the risks in the IJB's SRR and the movement in their scoring in 2022/23.

| Risk | Residual Risk Score (March 2023) | Residual Risk Score (March 2022) | Target Score | |
|---|----------------------------------|----------------------------------|--------------|---|
| Finance | HR (20) | HR (16) | MR (12) | ↑ |
| Contractual /Market Capacity | MR (12) | HR (16) | MR (9) | ↓ |
| Primary Care Services | HR (16) | HR (16)) | MR(8) | → |
| Whole System Capacity | MR (12) | HR (16) | MR (8) | ↓ |
| Strategic Plan | MR (12) | HR (16) | MR (8) | ↓ |
| Workforce | HR (16) | MR (12) | MR (8) | ↑ |
| Demographic/Changing Landscape Impacts | HR (16) | MR (12) | MR (12) | ↑ |
| Clinical and Care Governance | MR (12) | MR (12) | LR (6) | → |
| Transformation Change | MR (12) | MR (12)) | LR (4) | → |
| Resilience | MR (10) | MR (10) | MR (8) | → |
| Adult and Child Protection | MR (10) | MR (10) | LR (5) | → |
| Information Governance & Digital Transformation | MR (9) | MR (9) | LR (6) | → |
| Participation and Engagement | MR (9) | MR (9) | LR (6) | → |
| Governance | MR (8) | MR (12) | MR (8) | ↓ |

Best Value

61. An Annual Review of Best Value paper was agreed at the July 2022 meeting of the IJB. The background section of the paper advised due to pressures caused by the pandemic no statement was made in 2020/2021 and Appendix 1 of the *Progress with Best Value – Annual Review 2021/22*, showed the current status with evidence, work activity, due dates and responsible SLT Leads. The Head of Strategic Planning, Performance and Commissioning advised that the Annual Performance Report for 2022/23 is in development and is planned for presentation to the July FP&SC which will include a Best Value statement. No Best Value concerns were highlighted by Fife council or NHS Fife within each respective Governance Statements for 2022-23.

Communication and Engagement

62. The Fife IJB Participation and Engagement Strategy for Fife 2022-25 was approved at the July 2022 meeting of the IJB, following four online engagement events, four face to face sessions with People First Advocacy groups and face to face sessions with Fife International Centre. The strategy is based on feedback from a wide range of stakeholders, including Fife's seven Locality Planning wider stakeholder groups.

National Care Service

63. The Independent Review of Adult Social Care (IRASC) in Scotland report (the Feeley report) was published by the Scottish Government in February 2021. The Chief

Officer provided information on the IRASC, to a virtual IJB development session on 6 August 2021. Scottish Government has delayed work on the National Care Service (Scotland) Bill and on this basis, no further reports have been provided to the IJB in 2022/23. In our view, future developments on the implementation of a National Care Service might have a significant impact on the ability of the IJB to deliver its strategic objectives. Management may wish to consider articulating these through a strategic risk.

Category 1 Responders/Business Continuity

64. IJBs are now Category 1 Responder bodies and the HSCP set up a Resilience Assurance Group (RAG) in 2022 to ensure that the HSCP supports compliance with the duties of the Civil Contingencies Act for the IJB, NHS Fife and Fife Council and seeks and provides assurance that the HSCP effectively prepares for, responds to and recovers from civil emergencies and business continuity disruptions which impact on Fife's Communities. The RAG Terms of Reference state that it reports to the SLT Assurance Group and formally reports progress to the relevant committees and the IJB on an annual basis. However, there was no update or assurance reports from it to any committees or the IJB during the year.
65. The RAG should produce a work plan in order to clearly articulate how they will deliver, with priorities, targets and a clear mechanism and timescale for reporting and escalation which must include a formal assessment of compliance against the Civil Contingencies Act.
66. The review of Business Continuity Plans across the HSCP is progressing. We were advised that the HSCP continues to work closely with the Fife Local Resilience Partnership to support multi agency arrangements for incidents requiring response under the Civil Contingencies Act.

B – Clinical Governance, Staff Governance, Financial Governance, Information Governance

Key arrangements in place as at year end 2022/23 as well as planned and ongoing developments

B1 Clinical

67. A review of Governance Structures was presented to the April 2022 meeting of the IJB, including Terms of Reference for the Quality and Communities Committee (Q&CC) which replaced the Clinical & Care Governance Committee (C&CGC). In line with the Q&CC Terms of Reference the Committee has held six meetings for 2022/23 financial year and these meetings were quorate with the exception of the March 2023 meeting, where the minutes of the previous meeting were carried over to the next (no items on the agenda required decisions). Development sessions for committee members were held on users experience and how HSCP services assist people with recovery in relation to drugs and alcohol and further sessions are planned for 2023/24.
68. The Q&CC considers inspection reports, and the Joint Inspection of Adult Services Report was presented to the March 2023 meeting with an opinion of *Good* for 4 areas: Key Performance Outcomes; Experience of People Using the Service; Strategic Planning, Policy, Quality & Improvement and Leadership and Direction and an opinion of *Adequate* for Delivery of Key Processes. The accompanying action plan

- includes actions to be completed by November 2023.
69. The Quality Matters Assurance Group (QMAG) reports operationally to the Senior Leadership Team (SLT) Assurance Group, Chaired by the Director of Health and Social Care with escalation to Q&CC. A Quality Assurance Report is presented to all the meetings of the QMAG and includes reporting on Adverse Events.
 70. In addition, the HSCP Clinical & Care Governance Team provide support with local adverse event management, where regular daily/weekly reports are provided on compliance with targets i.e. SBAR activity, Local Adverse Event Reviews, Significant Adverse Reviews and overview data. Since January 2023 every incident graded as major or extreme is considered by a panel of multi-disciplinary leaders with meetings held every Tuesday and Friday morning with the process also considering Duty of Candour compliance.
 71. The QMAG provided an Annual Statement of Assurance to the May 2023 meeting of the Q&CC, which concluded that adequate and effective governance arrangements were in place in the areas under the committee remit. A paper on HSCP Operational Assurance and Clinical Care Governance Framework was presented to the May 2023 meeting of the Q&CC for discussion and assurance. It highlighted the development of the Quality Matters Assurance Safety Huddle (QMASH). The group meets fortnightly and is clinically led and provides Senior Leadership, Professional Leads and Managers the opportunity to view and review data which enables focused discussion on service specific portfolios on quality and safety matters. The paper advised that work is progressing to develop a clinical and care governance framework in line with the Integration Scheme, to further strengthen governance and reporting to the Q&CC, scheduled for November 2023 for approval by the IJB in January 2024.
 72. The Q&CC reviewed its Terms of Reference at the July 2022 and November 2022 meetings. We previously highlighted the Terms of Reference of the Q&CC do not refer to the QMAG which is an omission. Similarly the new QMAG Terms of Reference still refer to the C&CGC, and are being further developed as part of the new Clinical and Care Governance Framework arrangements.
 73. Internal Audit F06/22 – Clinical and Care Governance review will report on these developments and arrangements in more detail.
 74. The Mental Health Strategy Progress Report, presented to the July 2022 Q&CC, reminded members that the extant Mental Health Strategy for Fife was agreed by the Fife IJB in February 2020 prior to the Covid pandemic and the decision was taken at the end of October 2021 to undertake a refresh of the Strategy. The report stated that preparatory work was completed to provide the foundation for the next stages but did not provide an indicative timescale for completion.
 75. The Chief Social Work Officer's Annual Report 2021/22 was reported at the March 2023 Q&CC meeting, although the SBAR sections on quality, customer care, workforce, financial and risk implications were not completed, which meant that important context was not provided. The report is designed to provide an overview of social work services within Fife and reflects the formal statutory responsibilities held by the role undertaken by the Chief Social Work Officer (CSWO) but, in common with many CSWO reports, and could be further strengthened by providing overt assurance on service quality or on the adequacy and effectiveness of key controls or on the relevant Strategic Risks.
 76. In March 2023, the Q&CC noted the Fife Adult Support and Protection Committee

Biennial Report 2020/22. The report provided assurance in relation to the Adult Support and Protection Committees work towards supporting the application of the Adult Support and Protection (Scotland) Act 2007 (the Act) and the shared vision to ensure that all adults at risk feel safe, supported, and protected from harm.

77. The Primary Care Implementation Plan – Memorandum of Understanding (MOU) 2 Progress Update was presented to the November 2022 meeting of the Q&CC for assurance and discussion. The report highlighted challenges and uncertainties for Primary care funding and workforce. It also stated that as this is a joint clinical and reputational risk between NHS Fife and Fife Health and Social Care, the risk could not be quantified at the time of writing. This is not a principle we recognise as most IJB risks are, to a large extent, shared. The Primary Care Services strategic risk currently has a risk score of High (16) but this may need to be amended once the issues identified in the report have been considered. Best practice would have been for the SBAR to the progress update to have provided specific commentary on the related strategic risk and whether the score and target risk were still appropriate in light of its contents.
78. The November 2022 meeting of the Q&CC noted the Fife Alcohol and Drug Partnership (ADP) Annual Report 2021/22 for Assurance, although, as with the CSWO report, it did not provide an overt conclusion. The report provides a summary and response to improving current provision and included the Delivery Progress Report submitted to the Scottish Government.

B2 Staff

79. The Fife HSCP Workforce Strategy Plan 2022-25 was approved at the 25 November IJB meeting for submission to the Scottish Government by 30 November 2022. At the same meeting the IJB endorsed the associated annual Action Plan to deliver the actions set out in the Workforce Strategy. The Workforce Strategy and Action Plan 2022-25 were presented to the November 2022 FP&SC to consider the feedback from Scottish Government, to support the progression of the strategy and plan to the IJB and to approve the publication of these on the HSCP website.
80. Fieldwork on Internal Audit F05-23 - Workforce Review is progressing and the report focuses on compliance with DL (2022) 09, whether the workforce plan is informed by and informs strategic workforce risks and the adequacy and effectiveness of the monitoring and assurance arrangements for delivery of the Workforce plan.
81. The Internal Audit Annual Report 2021/22 included a recommendation to review the workforce risk to clearly describe the level of risk and the short/medium term actions being taken to mitigate the concerns and address the assurance sought from partners on delivery. This is complete, the SRR Workforce risk has been reviewed and SMART actions added with timescales, the assessed risk score increased from Medium score of 12 to High 16. This risk is assigned to the FP&SC and is regularly presented to the Committee throughout the year.
82. The March 2023 meeting of the FP&SC received a report for discussion on Complaints and Compliments which highlighted that the reallocation of resources across the partnership during the covid pandemic has adversely impacted on both the number of complaints closed during 2022 and those responded to within the required timescales. During January to December 2022 the Partnership closed 454 complaints; 179 social care and 275 health complaints with none relating to the IJB itself. On average 63% of Stage 1 complaints, and 17% of Stage 2 complaints, were

responded to within the statutory timescales. The Partnership received 404 formal compliments during 2022. We recommend an action plan is developed to improve performance in this area.

B3 Finance

83. The Finance, Performance and Scrutiny Committee (FP&SC) held 6 meetings over 2022/23 and all meetings were quorate. Finance reporting to IJB and FP&SC has been transparent and open and the Finance Officer has consistently and clearly articulated financial challenges to the FP&SC and the IJB. However, whilst the reports were well-written, there is always benefit, given the importance of these issues, in ensuring that all members are able to understand the technical language required in finance reports and that this does not obscure key messages.
84. A Revenue Budget 2023-24 and Medium Term Financial Strategy 2023-2026 (MTFS) was presented to the March 2023 IJB. The Revenue Budget element overtly highlighted the significant financial challenge ahead and new cost pressures. The SBAR states *'In 2022-23 the costs of Covid-19 are estimated to be £15.5M which will be funded from IJB reserves. Any unspent Covid reserves will be returned to Scottish Government leaving a zero reserve balance to carry forward into the financial Year'*. It also highlighted that the Set Aside budget, which would shortly transfer to the IJB was overspent by £5.2m, which would require strategic decisions to be taken.
85. The MTFS sets out a potential financial gap totalling £34m to be met by savings over the period, as well as use of reserves in the first year to allow for savings to be developed and implemented. This savings programme is significantly higher than any that the IJB has successfully delivered previously. There is a detailed plan underpinning the first year of savings, with a commitment made to savings being on a recurring basis.
86. We commend the content of the MTFS, which is informative, comprehensive and clear. It sets out the steps the IJB needs to take to deliver across financial sustainability in the areas of efficiency, transformation and service redesign.
87. The Annual Internal Audit Report 2021/22 recommended that financial sustainability is given appropriate priority in all decisions recognising that money spent now will not be available for future needs. The revenue budget 2023-26 and the MTFS have substantially addressed this recommendation, however a degree of uncertainty is inevitable in the longer term, given the volatility of the parameters.
88. The delivery of savings as well as the Strategic Plan will be dependent on delivery of 9 transformational strategies, enabling strategies and 5 transformation portfolios incorporating 15 transformation programmes. These will require substantial capacity and capability in a range of areas including *inter alia*, programme and project management, Organisational Development, Workforce, Digital and Finance.
89. Financial Risks within the SRR assigned to the FP&SC Committee are regularly presented to its meetings. All SRR risks are presented to the A&AC. However, we note that financial papers including the MTFS and the Finance update did not provide direct, overt assurance on the SRR Finance Risk and associated controls and actions.
90. The financial strategic risk is currently scored at High (20) and has not yet been updated to reflect the effect of the revenue budget and the MTFS. The risk update to the May 2023 meeting of the A&AC advised that deep dives on individual high

scoring risks would be taken to the relevant governance committees. A Deep Dive template demonstrating how this new approach would be applied to the finance risk was presented to the May 2023 meeting of the FP&SC, alongside the draft risk appetite.

91. The Governance Manual includes Financial Regulations; there have been no substantive changes to the SFIs during the year 2022/23.
92. A reserves policy for the IJB was approved in September 2017, the HSCP was not in a position in previous years to create a reserve due to legacy overspends and budget pressures. The policy states an aim to maintain a prudent level of uncommitted reserve of 2% of budgeted expenditure. Funds were brought forward in April 2021 as a result of late funding received from Scottish Government in February 2021 and the reserve balance on uncommitted funds increased to 2% in line with the policy. The MTFP states an ambition to maintain this over the coming years.
93. The Annual Internal Audit Report 2021/22, recommended that the Chief Finance Officer (CFO) should submit assurance on compliance with CIPFA guidance on the role of the CFO to the A&AC as part of the year end assurance process. This will be included within the Governance Statement for presentation to the A&AC at the June 2023 meeting. We reviewed the self-assessment CFO checklist and can confirm that all applicable elements are compliant.

B4 Information Governance:

94. The Fife IJB Integration Scheme states that Fife Council, NHS Fife and the IJB have developed and agreed an over-arching Information Sharing Agreement (ISA) which governs and supports the sharing of personal information between the Fife partner agencies. The ISA utilises the templates and guidance provided in the Scottish Government's Information Sharing Toolkit, which was developed as a data sharing standard for public bodies. The Toolkit aligns with the Data Sharing Code of Practice published by the Information Commissioner and takes account of changes introduced through the EU General Data Protection Regulation and the UK Data Protection Act 2018. The ISA was approved in November 2020 and should be reviewed every 2 years, therefore the review is overdue.
95. A Progress Update Review of the Records Management Plan was submitted to and agreed by the Keeper of the Records of Scotland in April 2023. The Public Records (Scotland) Act Assessment Teams Evaluation concluded positively on record management arrangements.
96. The IJB Records Management Annual Report 2023 and associated action plan were presented to the May 2023 meeting of the FP&SC for assurance.

| Action Point Reference 1 Complaints Process | |
|--|---|
| Finding: | |
| During January to December 2022 the Partnership closed 454 complaints. On average, only 63% of Stage 1 complaints, and 17% of Stage 2 complaints, were responded to within the statutory timescales. | |
| Audit Recommendation: | |
| We recommend an action plan is developed to improve the performance over the complaints process and is presented to the FP&SC. | |
| Assessment of Risk: | |
| Our assessment of the above finding is as follows: | |
| Merits attention |  <p>There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.</p> |
| Management Response/Action: | |
| <p>An action plan will be developed and reported through the appropriate governance routes during the September cycle of committees.</p> <p>Additional resource has been recruited into the compliance team with a view to supporting services where required. One of the areas already identified is in relation to the complaints process. There are members of the team whose role is to work closely with services initially in a targeted way by reviewing outstanding complaints. There is also work underway to streamline the process to ensure it is as efficient as it possibly can be.</p> <p>It has also been recognised that we need to work more closely with our Partners and as a result the administration of the complaints process transferred to the Escalation and Resolution team of Fife Council at the start of the calendar year. We should start to see improvements during 2023-24.</p> <p>There is close engagement with the executive leads for complaints in NHS Fife with weekly scrutiny at Director of Health and Social Care and Heads of Service level to monitor progress of individual complaints and take action to support timely completion.</p> | |
| Action by: | Date of expected completion: |
| Chief Finance Officer | December 2023 |

| Action Point Reference 2 Risk Management | |
|---|-------------------------------------|
| Finding: | |
| <p>We commend significant enhancements to the Risk Management Framework, but there is room for further development:</p> <ul style="list-style-type: none"> a) The draft Risk Appetite Statement will be presented to governance Committees in July 2023 but does not yet set out the consequences of risks being above or below appetite; b) The principles underpinning the new IJB Risk Management Strategy have not yet been fully incorporated within the equivalent documents within NHS Fife and Fife Council. | |
| Audit Recommendation: | |
| <ul style="list-style-type: none"> a) The future development of risk appetite should include greater detail on how it will affect Strategy, decision-making, prioritisation, budget setting and organisational focus; the 'so what' question, which is fundamental to making risk appetite real. b) Fife IJB should engage with its partner bodies to ensure that their risk management strategies, when updated, incorporate the concepts, agreed with them in the formation of the Fife IJB RMS in line with the agreed and approved Integration Scheme. | |
| Assessment of Risk: | |
| <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>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</p> | |
| Management Response/Action: | |
| <ul style="list-style-type: none"> a) It is proposed that the risk section within the SBAR is expanded to recognise and take account of risk appetite when a decision is required. As an example at the development session held on 23rd June risk appetite was factored into the budget discussion and paper to ensure there was an appropriate balance between risk taking and risk control in order to achieve the optimum financial position. b) There is continual engagement and representation from IJB on partner working groups and vice versa. There is an existing process in place whereby there is opportunity to shape and influence across all partner strategies, whilst looking to continually improve the process year on year. | |
| Action by: | Date of expected completion: |
| Chief Finance Officer | October 2023 |

| Action Point Reference 3 Resilience Assurance Group Workplan | |
|--|---|
| Finding: | |
| <p>IJBs are Category 1 Responder bodies and the HSCP set up a Resilience Assurance Group (RAG) in 2022 to ensure that the HSCP supports compliance with the duties of the civil Contingencies Act for the IJB, NHS Fife and Fife Council. The RAG seeks and provides assurance that the HSCP effectively prepares for, responds to and recovers from civil emergencies and business continuity disruptions which impact on Fife's Communities. The RAG Terms of Reference state that it reports to the SLT Assurance Group and formally reports progress to the relevant committees and the IJB on an annual basis. However, it did not provide any update or assurance to the Committees or the IJB in 2022/23.</p> | |
| Audit Recommendation: | |
| <p>The RAG should produce a work plan with priorities, targets and a clear mechanism and timescale for reporting and escalation in order to clearly articulate how they will deliver the assurance required by the IJB and its committees.</p> <p>This must include a formal assessment of compliance against the Civil Contingencies Act.</p> | |
| Assessment of Risk: | |
| <p>Our assessment of the above finding is as follows:</p> | |
| <p>Merits attention</p> | <p> There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.</p> |
| Management Response/Action: | |
| <p>There is a workplan which covers the financial year 2023-24.</p> <p>Although no report has been presented to the governance committees as yet, one has been scheduled for the September cycle of committees. This will include an assessment of compliance against the Civil Contingencies Act.</p> | |
| Action by: | Date of expected completion: |
| Head of Community Care Services | October 2023 |

| Action Point Reference 4 Primary Care Strategic Risk | |
|--|--|
| Finding: | |
| <p>The Primary Care Implementation Plan – Memorandum of Understanding (MOU) 2 Progress Update was presented to the November 2022 meeting of the Q&CC for assurance and discussion. The report highlighted challenges and uncertainties for Primary care funding and workforce. The SBAR risk section stated that, as it is a joint clinical and reputational risk between NHS Fife and Fife Health and Social Care, the risk cannot be quantified at the time of writing.</p> <p>The Primary Care Services strategic risk currently has a risk score of High (16) but this may need to be amended once the issues identified in the report have been considered. Best practice would have been for the SBAR to the progress update to have provided specific commentary on the related strategic risk and whether the score and target risk were still appropriate in light of its contents.</p> | |
| Audit Recommendation: | |
| The Primary Care Strategic Risk (currently High (16) should be reviewed taking cognisance of the risks raised within the MOU2 report, once they have been fully quantified. | |
| Assessment of Risk: | |
| Our assessment of the above finding is as follows: | |
| Merits attention |  <p>There are generally areas of good practice.</p> <p>Action may be advised to enhance control or improve operational efficiency.</p> |
| Management Response/Action: | |
| <p>This risk is reviewed quarterly and reported through the governance committees.</p> <p>At the next review of the IJB Primary care risk, consideration will given to the issues raised in the Q&CC paper and reflection around controls, mitigations and impact on risk score.</p> <p>A similar risk is held by NHS and held on their corporate risk register- also reviewed quarterly and reported through NHS Fife governance routes.</p> | |
| Action by: | Date of expected completion: |
| Head of Primary and Preventative Care | November 2023 |

| Action Point Reference 5 Information Sharing Agreement | |
|---|---|
| Finding: | |
| The Fife IJB, Fife Council and NHS Fife Information Sharing Agreement was last approved in November 2020. It should be reviewed every 2 years and is therefore overdue. | |
| Audit Recommendation: | |
| The Information Sharing Agreement should be reviewed and updated to comply with the Integration Scheme arrangements. | |
| Assessment of Risk: | |
| Our assessment of the above finding is as follows: | |
| Merits attention |  <p>There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.</p> |
| Management Response/Action: | |
| Agreed. It is hoped that this can be reviewed during 2023-24 but is dependent on partner capacity. | |
| Action by: | Date of expected completion: |
| Chief Finance Officer | March 2024 |

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 design or implementation of key controls i.e. those which individually reduce the risk scores. Requires action to avoid exposure to significant risks to achieving the objectives for area under review. | None |
| Moderate |  | Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review. | One Action Point 2 |
| Merits attention |  | There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency. | Four Action Points 1,3,4 & 5 |

| Standards, Audit and Risk Committee of 28 September 2023 | | | |
|--|---------------------------------------|---------------------------------|-----------------|
| Title | Service(s) | Contact(s) | Comments |
| Minute | Finance and Corporate Services | | |
| 2023/24 Issued Audit Reports | Finance and Corporate Services | Pamela Redpath | |
| Fife Council and Charitable Trusts - Annual Audit Report and Annual Accounts 2023-24 | Finance and Corporate Services | Elaine Muir | |
| Information Requests Annual Report | Customer Services Improvement Service | Laura McDonald-im | |
| Complaints Update | Communities | David Thomson-CRM | |
| Code of Governance | Finance and Corporate Services | Lindsay Thomson, Pamela Redpath | |
| Internal Audit Charter | Finance and Corporate Services | Pamela Redpath | |

| Standards, Audit and Risk Committee of 30 October 2023 | | | |
|--|--------------------------------|-------------------|-----------------|
| Title | Service(s) | Contact(s) | Comments |
| Fife Council and Charitable Trusts - Annual Audit Report and Annual Accounts 2023-24 | Finance and Corporate Services | Elaine Muir | |
| Fife IJB Annual Internal Audit Plan | Finance and Corporate Services | Pamela Redpath | |

| Standards, Audit and Risk Committee of 9 November 2023 | | | |
|---|--------------------------------|-------------------|-----------------|
| Title | Service(s) | Contact(s) | Comments |
| Whistle Blowing Policy Update | Finance and Corporate Services | Pamela Redpath | |
| Safeguarding Public Money: are you getting it right? | | Pamela Redpath | |
| Regulation of Investigatory Powers Scotland (RIPSA) Act 2000 | Finance and Corporate Services | Lindsay Thomson | |
| The Acting Ethical Standards Commissioner for Scotland Annual | Finance and Corporate Services | Lindsay Thomson | |

| Standards, Audit and Risk Committee of 9 November 2023 | | | |
|--|--------------------------------|-------------------|-----------------|
| Title | Service(s) | Contact(s) | Comments |
| Report 2022/23, the Standards Commission for Scotland (the Commission) Annual Report for 2022/23; and Decisions taken by the Hearing Panel of the Commission | | | |
| National Fraud Initiative (NFI) in Scotland 2023 | Finance and Corporate Services | Pamela Redpath | |
| NATIONAL FRAUD INITIATIVE EXERCISE - PROGRESS TO DATE | Finance and Corporate Services | Pamela Redpath | |
| 2023/24 Issued Audit Reports | Finance and Corporate Services | Pamela Redpath | |
| Internal Audit Plan - Progress Report | Finance and Corporate Services | Pamela Redpath | |

| Standards, Audit and Risk Committee of 18 January 2024 | | | |
|---|--------------------------------|-------------------|-----------------|
| Title | Service(s) | Contact(s) | Comments |
| | | | |
| 2023/24 Issued Audit Reports | Finance and Corporate Services | Pamela Redpath | |
| Risk Management Update | Finance and Corporate Services | Pamela Redpath | |

| Standards, Audit and Risk Committee of 14 March 2024 | | | |
|---|--------------------------------|-------------------|-----------------|
| Title | Service(s) | Contact(s) | Comments |
| | | | |
| 2023/24 Issued Audit Reports | Finance and Corporate Services | Pamela Redpath | |
| Internal Audit Plan - Progress Report | Finance and Corporate Services | Pamela Redpath | |

| Standards, Audit and Risk Committee of 23 May 2024 | | | |
|---|--------------------------------|-------------------|-----------------|
| Title | Service(s) | Contact(s) | Comments |
| 2023/24 Issued Audit Reports | Finance and Corporate Services | Pamela Redpath | |
| Post Audit Review Performance Report | Finance and Corporate Services | Pamela Redpath | |
| 23/24 Internal Audit Plan | Finance and Corporate Services | Pamela Redpath | |

| Standards, Audit and Risk Committee of 28 June 2024 | | | |
|--|--------------------------------|-------------------|-----------------|
| Title | Service(s) | Contact(s) | Comments |
| 2023/24 Issued Audit Reports | Finance and Corporate Services | Pamela Redpath | |
| Risk Management Update | Finance and Corporate Services | Pamela Redpath | |
| 22/23 Internal Audit Annual Report | Finance and Corporate Services | Pamela Redpath | |