



Integration Joint Board
Audit and Risk Committee

17th December 2018

This Report relates to
Item 6 on the Agenda

Draft Internal Audit Plan 2018/19

Paper presented by Julie Watters

For Scrutiny and Approval

Approved for Submission by	Chief Finance Officer, Integration Joint Board
Author	Julie Watters Chief Internal Auditor NHS Dumfries and Galloway and Integration Joint Board
List of Background Papers	Not Applicable
Appendices	Appendix 1 – Draft Audit Plan 2018/19 Appendix 2 – NHS Dumfries and Galloway Audit Plan 2018/19 Appendix 3 – Dumfries and Galloway Council Audit Plan 2018/19

SECTION 1: REPORT CONTENT

Title/Subject: Draft Internal Audit Plan 2018/19

Meeting: Audit and Risk Committee

Date: 17th December 2018

Submitted By: Julie Watters

Action: For Scrutiny and Approval

1. Introduction

1.1 This report outlines the internal audit plan for the Integration Joint Board for 2018/19.

2. Recommendations

2.1 The IJB Audit and Risk Committee is asked to:

- Approve the Internal Audit plan for 2018/19 and to consider the process for receiving assurances on relevant audit work undertaken.

3. Background

3.1 In June 2015, the Scottish Government Integrated Resources Advisory Group (IRAG) issued their “Guidance for Integrated Financial Assurance” in support of the Public Bodies (Joint Working) (Scotland) Act 2014.

3.2 The guidance requires the Integration Joint Board (IJB) to seek assurance that its resources are sufficient to allow it to carry out its functions and assess the risks associated with this, and further to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and control of the delegated resources.

3.3 The guidance recommends that a Chief Internal Auditor be appointed for the IJB who should develop a risk based audit plan for approval by the IJB or relevant Committee. At its meeting in September 2018 the Audit and Risk Committee for the Integration Joint Board appointed the Chief Internal Auditor of NHS Dumfries and Galloway (NHS D&G) as the Chief Internal Auditor for the IJB. This appointment had previously been for one year at a time so this becoming a more permanent arrangement will allow for more robust audit planning in the future.

3.4 The internal audit plan for the IJB takes into consideration the operational delivery of services within the Health Board and Local Authority on behalf of the IJB and the

assurances expected to be delivered by the separate internal audit plans already approved for 2018/19.

4. Main Body of the Report

- 4.1 The proposed audit plan for 2018/19 addresses the assurance requirements at this stage in the integration process and is informed by information available such as the Dumfries and Galloway Integration Scheme and the Strategic and Locality plans. As the IJB becomes more established, required assurances are developing as the governance framework matures.
- 4.2 Audit assurances to the IJB are not delivered in isolation and the internal audit functions of both the NHS and Council will also deliver assurances to their own organisations that should also be considered by the IJB where relevant. The Chief Internal Auditor for the IJB will ensure that this coordination of reporting on assurances is undertaken.
- 4.3 The Internal Audit functions of both NHS Dumfries and Galloway (NHS D&G) and Dumfries and Galloway Council (D&GC) have prepared risk based audit plans for their respective organisations for 2018/19 and these have been approved through their respective Audit and Risk Committees. Both plans are attached in full at Appendices 2 and 3.
- 4.4 Whilst the plans differ in content and formatting, both are designed to gather sufficient evidence to support an annual formal statement on the adequacy and effectiveness of the systems of internal control in place within each organisation.
- 4.5 The NHS D&G plan for 2018/19 is detailed below with an indication of where the results of these audits will be of specific relevance to the IJB ARC.

NHS	IJB	Audit Area	Risk Assessed Priority	Year of last audit	Previous assurance level	Audit Days
✓	✓	Delegated Authorities	Very High	None	No previous audit	25
✓		Contract Management	High	None	No previous audit	20
✓		Recruitment and Retention	Very High	None	No previous audit	20
✓		Transport	Very High	Older	Limited	25
✓		Waste Management	Very High	2015	Limited	23
✓		IT Security	Very High	None	No previous audit	20
✓	✓	Digital Healthcare (prev Telehealthcare)	Very High	None	No previous audit	20
✓	✓	Services for Older People	Very High	Older	No previous audit	20
✓		Adverse Incident Reporting	Very High	Older	Moderate	24
✓		Hospital Cleaning	High	None	No previous audit	20
✓	✓	Patient Access and Waiting Times	High	Older	Moderate	20
✓		Property Transaction Monitoring	Low	2018	Comprehensive	10
✓	✓	Payroll	High	2015	Moderate	20
✓	✓	Equipment Bank	Medium	Older	Significant	20
✓		Capital Assets	Low	2014	Significant	18

4.6 In the table above there are a number of audits where the results will be of particular interest when considering the risk, control and governance framework within the IJB. One audit which is nearing completion is that of Delegated Authorities which, whilst initially focussed on delegations within the health board, is giving consideration to changes in authorities and decision making as functions and services have integrated.

4.7 The D&G Council plan for 2018/19 is also detailed below with an indication of where the results of these audits may be of interest to the IJB ARC.

IJB considerations	Job	Plan Days
	Main financial systems programme:	
	Council Tax	50
✓	Sundry Debtors	55
✓	Banking Arrangements	30
	Treasury Management	35
	Accounting	40
✓	Revenue Budgeting	40
	2017-18 follow-ups	30
	Departmental financial systems programme:	
	School Electricity Charges	30
	Use of Purchase Cards by Schools	40
✓	Employee Expenses	45
	Risk management programme:	
✓	Supporting the further development of risk management at corporate, service and project levels	20
	Specific risk issues:	
✓	Business Continuity	35
✓	Off-payroll employees (IR35)	35
✓	Benefits in kind from use of vehicles	45
	Grants programme:	
	EU LEADER programme annual certification	14
	Contingency	
	Unplanned audit work	20
	TOTAL	564

4.8 Although none of these audits solely cover the IJB, some of the audits indicated above will touch upon areas that fall within the remit of the IJB and that the Council is operationally responsible for and therefore assurance that can be provided in these areas will contribute to the overall assurances required for the IJB.

4.9 It has been confirmed with the Chief Internal Auditor of the Council that all audits carried out will continue to include delegated functions within any samples tested and that relevant findings will be relayed back to the Chief Internal Auditor for the IJB if any issues are found to exist that will affect the overall assurances to the IJB. Assurances can also be gained from audits of core financial systems such as payroll, creditors and debtors etc which support the delivery of health and social care activities.

- 4.10 During 2016/17 one specific audit was undertaken covering the IJB. The scope of this audit was “To provide assurance that the governance, assurance, risk and performance management arrangements for the Integration Joint Board meet relevant guidance and are providing required assurances”. This work was reported back to the IJB ARC in September 2017.
- 4.11 The actions arising from this audit had expected completion dates of 31 December 2017 and 31 March 2018, and at the time of reporting there are currently six actions outstanding, four of which are overdue.
- 4.12 Following the audit planning process the proposed plan and audit coverage for 2018/19 is included in Appendix 1. This details the work that is required to deliver on required assurances at this stage and gives an indication of potential audit coverage for future years. Consideration is also given to recent Audit Scotland reports on Health and Social Care Integration that have been issued.
- 4.13 Planning for 2019/20 onwards can be undertaken now that Internal Audit arrangements for future years have been confirmed. This will be informed by the IJB’s risk register, once fully developed and the reporting that comes through the IJB and its Committees to ensure that the plan is risk based. Ongoing monitoring and reporting must provide assurance on actual risk and financial performance against pre-integration assumptions, performance against integration outcomes and identification of lessons learned and future aims. Much of this assurance should be provided by managers on an ongoing basis as well as at year end.
- 4.14 It is intended that future planning will be focussed around an “audit universe” for the IJB and future coverage will include the governance and decision making arrangements in place, the commissioning model and the risks associated with this, performance measures and how these are collated and reported on and the overall assurance framework and how this informs the governance statement. There must be a clear understanding of the collective assurance requirements and that the delivery of services commissioned by the IJB sits within NHSDG and DGC and therefore assurance responsibilities around these remain within their respective internal audit functions.

SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS

5. Resource Implications

- 5.1 Undertaking the Chief Internal Auditor role places additional reporting responsibility on the NHS Chief Internal Auditor. The increased workload associated with this will be absorbed into current working practices in relation to audit planning, risk review and proposed audit coverage.
- 5.2 Both the NHS and Local Authority Internal Audit plans have been approved by their respective Audit and Risk Committees and therefore all available resources are committed to delivering on these audit plans.
- 5.3 Now that audit arrangements have been finalised on a more permanent basis there will be the opportunity to bring IJB audit planning timescales in line with those of the NHS and Council. It is anticipated that this will ensure coverage is more robust over areas with particular relevance to the IJB.

6. Impact on Integration Joint Board Outcomes, Priorities and Policy

- 6.1 Internal Audit is a key element of the delivery of independent assurances around the achievement of the IJB's objectives.

7. Legal & Risk Implications

- 7.1 Internal Audit functions within the NHS and Local Government are governed by the Public Sector Internal Audit Standards (PSIAS). The standards require the chief audit executive to establish risk based plans to determine the key areas of focus for internal audit, consistent with the organisations goals and objectives. This plan must also be sufficiently flexible to reflect the changing risks and priorities of the organisation.
- 7.2 There are a number of limitations to this audit plan in that a fully approved risk register for the IJB has not been available to inform the plan and ensure that it is based on management's own view of risk. This is an area that will need to be enhanced for future planning purposes.
- 7.3 Agreement has been secured on the sharing of information from NHS and Council audit reports to ensure that, where relevant, assurances will be provided to the IJB Audit and Risk Committee. A summary report has been requested at year end from the Council Chief Internal Auditor verifying that the IJB has been considered in audit work undertaken and that relevant issues have been reported.

8. Consultation

- 8.1 The IJB Chief Officer, Chief Finance Officer and the Chair and Vice Chair of the IJB Audit and Risk Committee have been consulted and their views have been incorporated into this paper.

9. Equality and Human Rights Impact Assessment

- 9.1 The Equality Framework within NHS D&G has been considered in creating the audit plan. An equalities impact assessment has not been completed.

10. Glossary

- 10.1 The following details the abbreviations and associated terms encountered throughout the course of this report.

Abbreviation	Term
D&GC	Dumfries and Galloway Council
IJB	Integration Joint Board
IRAG	Integrated Resources Advisory Group
NHS D&G	NHS Dumfries and Galloway
PSIAS	Public Sector Internal Audit Standards

Integration Joint Board Audit and Assurance requirements 2018/19 onwards
Draft Audit Plan 2018/19

Assurance Area	Timing	Who	Days	Comments
Audit Planning	Dec 2018	IJB CIA	35	Draft Internal Audit plan 2018/19 and onwards
Audit Management	Ongoing	IJB CIA		Liaison with managers and Directors and liaison between HB and NHS audit functions
Committee reporting	Quarterly	IJB CIA		Quarterly updates to Committee on audit progress and attendance at Audit and Risk Committee
Annual Internal Audit Report	June 2019	IJB CIA		Including CIA's annual assurance statement to Audit and Risk Committee to inform IJB Governance Statement
Governance and Assurance arrangements – Ongoing	2018/19	IJB IA		Review of decision making processes along with monitoring and reporting mechanisms across the IJB and partner organisations.
Audit Follow up	2018/19	IJB IA		To follow up on the actions from the 2016/17 internal audit
Risk Management	2019/20 onwards	IJB IA	tbc	To review the Risk Management framework within the IJB and provide assurance that this reflects the key risks
Performance Management	2019/20 onwards	IJB IA	tbc	Arrangements for monitoring of performance of the IJB in delivering its objectives

Previous work undertaken in the 2016/17 IJB audit

Governance and Assurance arrangements - Initial	2016/17 – Q4	IJB IA	15	Review of Health and Social Care Integration within Dumfries and Galloway, focussing on: <ul style="list-style-type: none"> • Financial, • Staff, • Information, and • Clinical and Care Governance and include Risk and Performance Management arrangements
Strategic Planning	2016/17 – Q4	IJB IA	10	Initial review of the processes around the preparation of the IJB Strategic Plan