



Integration Joint Board  
Audit and Risk Committee

11<sup>th</sup> March 2019

This Report relates to  
Item 7 on the Agenda

# Chief Internal Auditor Quarterly Update March 2019

*Paper presented by Julie Watters*

*For Discussion and Noting*

<b>Approved for Submission by</b>	Chief Finance Officer, Integration Joint Board
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<b>List of Background Papers</b>	None
<b>Appendices</b>	Appendix 1 – IJB Audit and Assurance requirements 2018/19

## SECTION 1: REPORT CONTENT

<b>Title/Subject:</b>	Internal Audit Update March 2019
<b>Meeting:</b>	IJB Audit and Risk Committee
<b>Date:</b>	11 <sup>th</sup> March 2019
<b>Submitted By:</b>	Julie Watters
<b>Action:</b>	For Discussion and Noting

### 1. Introduction

- 1.1 The purpose of this report is to provide an update to Audit and Risk Committee on delivery of the Internal Audit Plan for the Integration Joint Board for the year 2018/19 and to detail the methods of delivering the appropriate assurances required as part of the overall governance and risk management processes.

### 2. Recommendations

- 2.1 The IJB Audit and Risk Committee is asked to note this update on progress against the Internal Audit plan for 2018/19 and early update on proposed audit resourcing for the 2019/20 audit plan.

### 3. Background

- 3.1 As detailed in previous reports there are various pieces of guidance that require the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and control of the delegated resources.
- 3.2 The approved internal audit plan for the IJB takes into consideration the fact that operational services are delivered within the Health Board and Local Authority respectively on behalf of the IJB and as such assurances are provided on these areas to their Audit and Risk Committees.
- 3.3 The Council and Health Board have separate internal audit plans for 2018/19 that were approved prior to the arrangements for the IJB Internal Audit resource being agreed in September 2018.

### 4. Main Body of the report

#### 4.1 Audit progress - 2018/19 plan

As detailed in the December 2018 Committee paper, the audit plan for 2018/19 aims to provide assurance on the ongoing governance and assurance arrangements in the IJB. This includes a review of decision making processes along

with monitoring and reporting mechanisms across the IJB and partner organisations. This will be supplemented with the respective audits undertaken within each partner organisation.

4.2 Audit assurances to the IJB are not delivered in isolation and the internal audit functions of both the NHS and Council will deliver assurances to their own organisations that should also be considered by the IJB where relevant. It is the responsibility of the Chief Internal Auditor for the IJB to ensure that these assurances are consolidated and reported on as relevant.

4.3 Reporting to the NHS Audit and Risk Committee on progress against the Audit Plan consists of a summary of audits delivered in the reporting period along with the Assurance level that is given for each audit and the number of recommendations made. This information is summarised at year end within the Statement of Assurance provided within the annual report.

4.4 This approach is being adopted for the IJB Audit and Risk Committee to summarise all the reports issued to give an early indication of any issues that may have been identified. This can be adjusted to meet the requirements of committee members. The outcomes of reported audits are detailed below.

NHS	IJB	Audit Area	Audit Days	Assurance level	Comments
✓	✓	Delegated Authorities	25	Moderate	
✓		Contract Management	20	-	
✓		Recruitment and Retention	20	-	
✓		Transport	25	WIP	Self Assessment
✓		Waste Management	23	WIP	Self Assessment
✓		IT Security	20	WIP	Self Assessment
✓	✓	Digital Health and Care	20	WIP	Self Assessment
✓	✓	Services for Older People	20	WIP	Self Assessment
✓		Adverse Incident Reporting	24	Significant	
✓		Hospital Cleaning	20	WIP	Self Assessment
✓	✓	Patient Access and Waiting Times	20	WIP	Self Assessment
✓		Property Transaction Monitoring	10	Significant	
✓	✓	Payroll	20	WIP	Self Assessment
✓	✓	Equipment Bank	20	WIP	Self Assessment
✓		Capital Assets	18	Significant	

4.5 Four audits from the 2018/19 plan have been completed to reporting stage in the period. One further report has been issued in relation to the Hospital Migration and Commissioning audit of 2017/18. This second stage report related to processes for post project evaluation following the hospital move and gives a Significant Assurance level.

4.6 The NHS audit with most significance to the IJB is that of Delegated Authorities. This was scoped to “provide assurance that authority delegated by the Board is being managed in accordance with the most current version of the Code of Corporate Governance, the Scheme of Delegation and the Standing Financial

Instructions” and this delivered a Moderate level of assurance. Whilst mostly covering the authorities and decision making within the Health Board it also covered changes to these due to the creation of the IJB and the implications of this on strategic decision making and operational processes. This audit is currently being reported and further information will be brought back to this committee on any significant weaknesses or risks identified that are relevant to the IJB.

4.7 Due to staffing pressures within the audit team a self assessment was created and sent to the key contacts for all the audits scheduled for this year. These were created to provide a balanced view of the area under review and covered high level areas of guidance, roles and responsibilities, risk management, assurance pathways and review processes.

4.8 These returns have all been received and have been reviewed within the team and the audits are now at various stages of reporting as meetings have been set up with individual managers to clarify the information contained within them and undertake audit testing as required. This approach means there are a number of audits that are currently classed as Work in Progress which will be due to report over the next 6-8 weeks. The outcomes of this work will be reported back to this committee at the next meeting in June.

4.9 At the last meeting in December 2018 it was queried whether the Recruitment and Retention audit would include the Council. As detailed above this audit is resourced from the Health Board Internal Audit function to cover NHS processes at an operational level and will not cover processes in the Council.

#### 4.10 **Audit Planning 2019/20**

There have been a number of meetings to discuss the content and format of the audit plan for the IJB for 2019/20. It has been agreed that some form of joint audit work will be delivered for 2019/20 and initial topics have been discussed to ensure that the audit provides assurance on the most relevant and highest risk area. The proposed plan will be brought back to the June 2019 meeting to allow for the NHS and Council audit plans to be approved and for the agreed resource being freed up from each partner to be captured in the IJB Audit Plan.

4.11 The IJB Risk Register was approved at the last Audit and Risk Committee meeting in December 2018 with three risks identified. These initial three risks allow a certain element of focus for the types of assurance that the Internal Audit plan will be expected to deliver, although this has provoked further discussion on whether there are additional risks that can be captured at this level for the IJB. At this early stage an audit on Business Change and Transformation has been suggested. The proposed audit will be consulted on with IJB members prior to the plan coming to the June 2019 committee meeting.

## **SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS**

### **5. Resource Implications**

- 5.1 The Internal Audit provision for the IJB for 2018/19 will come from the existing NHS resource. Additional resource is being agreed through the Health and Council Audit and Risk Committees to deliver audit work in the 2019/20 audit plan.

### **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 There are a number of limitations to the 2018/19 audit plan in that the risk register for the IJB was not available to inform the plan and ensure that it is based on management's view of risk. This is an area that has been enhanced with the creation of three IJB specific risks and will be reflected in the 2019/20 plan.

### **8. Consultation**

- 8.1 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 table details the abbreviations and associated terms encountered throughout this report and guidance referred to.

<b>Abbreviation</b>	<b>Term</b>
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**

Assurance Area	Timing	Who	Days	Comments
Audit Planning 18/19	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
Audit Planning 19/20	June 2019	IJB CIA		Draft Internal Audit plan 2019/20 and onwards
Annual Internal Audit Report	Sept 2019	IJB CIA		Including CIA's annual assurance statement to Audit and Risk Committee to inform IJB Governance Statement
<b>Governance and Assurance arrangements – Ongoing</b>	2018/19	IJB IA		Review of decision making processes along with monitoring and reporting mechanisms across the IJB and partner organisations.
<b>Audit Follow up</b>	2018/19	IJB IA		To follow up on the actions from the 2016/17 internal audit

**Previous work undertaken in the 2016/17 IJB audit**

<b>Governance and Assurance arrangements - Initial</b>	2016/17 – Q4	IJB IA	25	Review of Health and Social Care Integration within Dumfries and Galloway, focussing on: <ul style="list-style-type: none"> <li>• Financial,</li> <li>• Staff,</li> <li>• Information, and</li> <li>• Clinical and Care Governance</li> </ul> and include Risk and Performance Management arrangements
<b>Strategic Planning</b>	2016/17 – Q4	IJB IA		Initial review of the processes around the preparation of the IJB Strategic Plan