



Integration Joint Board
Audit and Risk Committee

24th June 2019

This Report relates to
Item 6 on the Agenda

Draft Internal Audit Plan 2019/20

(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 Internal Audit Plan 2019/20 Appendix 2 – NHS Dumfries and Galloway Audit Plan 2019/20 Appendix 3 – Dumfries and Galloway Council Audit Plan 2019/20

SECTION 1: REPORT CONTENT

Title/Subject: Draft Internal Audit Plan 2019/20

Meeting: Audit and Risk Committee

Date: 24th June 2019

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 2019/20.

2. Recommendations

2.1 The IJB Audit and Risk Committee is asked to:

- Approve the Internal Audit Plan for 2019/20 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 (NHSDG) 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 allows for more robust audit planning moving forward.

3.4 This 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 2019/20. The independent assurances required and therefore the

potential scope of the audit plan considers the overall remit of the IJB and the strategic responsibilities of the IJB versus the operational responsibilities of the service delivery partners.

4. Main Body of the Report

- 4.1 The proposed Audit Plan for 2019/20 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, assurance requirements 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 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 (NHSDG) and Dumfries and Galloway Council (DGC) have prepared risk based audit plans for their respective organisations for 2019/20 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 2019/20, approved in April 2019, is detailed below with an early indication of where the results of these audits may be of specific relevance to the IJB Audit and Risk Committee.

NHS	IJB	Audit Area	Risk Assessed Priority	Year of last audit	Previous assurance level	Audit Days
✓	✓	CEL's and Scottish Government guidance	Very High	2015	Limited	20
✓	✓	Complaints Management process	Very High	2016	Moderate	20
✓		Remote Working	Very High	None	No previous audit	25
✓		HR Systems - eESS	Very High	None	No previous audit	25
✓		Pre-employment checking	High	Older	Moderate	20
✓		Pharmacy Stores and Stock Control	Very High	Older	Significant	20
✓	✓	Health Inequalities	Very High	None	No previous audit	25
✓	✓	Community Engagement	Very High	None	No previous audit	25
✓	✓	Risk Management	High	2017	Moderate	20
✓		Externals - activity monitoring	Very High	None	No previous audit	20
✓		Financial transactions - accuracy and completeness	Very High	None	No previous audit	30
✓	✓	Joint audit assurance	-	-	-	40
						290

- 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.
- 4.7 The D&G Council plan for 2019/20, approved in February 2019 is also detailed below with an indication of where the assurances delivered by these audits may be of interest to the IJB ARC.

IJB considerations	Job	Plan Days
	Main financial systems programme:	
	Payroll	60
	Pensions Admin	35
	Payables – Central Creditors	30
	Payables – Total Repairs	40
	Payables – Mosaic	30
	Capital Budgeting	30
	2018-19 follow-ups	25
	Departmental business systems programme:	
	Pupil Equity Funding Follow-up	30
✓	Self-Directed Support Payments Follow-up	30
	Payments to Outside Bodies in Communities	40
✓	Management Agreements in Communities	40
	Risk management programme:	
✓	Supporting the further development of risk management at corporate, service and project levels	24
	Specific risk issues:	
✓	Grey Mileage	30
✓	Adult Services (IJB Assurance)	40
✓	Password Controls	40
	Grants programme:	
	EU LEADER programme annual certification	20
	Contingency	
	Unplanned audit work	20
	TOTAL	564

- 4.8 None of these audits solely cover the IJB, although 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 Both the NHS and Council audit plans have been approved with the allocation of 40 days each to allow for work to be undertaken specifically for the IJB Audit and Risk Committee. There have been a number of meetings to discuss what assurances are required from this 80 day resource. This has still to be finalised, however early discussions have been looking at delivering independent assurances around the achievement of the IJB's transformation aims.
- 4.10 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.

- 4.11 During 2016/17 a 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.
- 4.12 The actions arising from this audit had expected completion dates of 31st December 2017 and 31st March 2018, and at the time of reporting there are currently two actions outstanding. One relates to reporting arrangements against the Risk Management strategy and the other relates overall governance arrangements for the IJB and associated assurances.
- 4.13 Following the audit planning process the proposed plan and audit coverage for 2019/20 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.
- 4.14 Planning for future years can be undertaken now that more permanent Internal Audit arrangements 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.
- 4.15 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.
- 4.16 The Chief Officer has prepared a report on the IJB governance framework which was presented to the Performance and Finance Committee in draft form. This is an essential piece of work for the IJB and HSCP to reinforce governance and assurance requirements moving forward and will be used to inform future plans.
- 4.17 Annual reporting processes will tie in with the assurances required for the IJB’s governance statement. The Chief Internal Auditor is required to provide an overall opinion on the governance, risk and internal control processes within the IJB.

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 40 audit days have been released from each of these audit plans to provide specific audit days for the IJB.
- 5.3 Now that audit arrangements have been finalised on a more permanent basis IJB audit planning timescales will be brought in line with those of the NHS and Council. This ensures 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 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	ARC	Audit and Risk Committee
	CIA	Chief Internal Auditor
	D&GC	Dumfries and Galloway Council
	IJB	Integration Joint Board
	IRAG	Integrated Resources Advisory Group
	LA	Local Authority
	NHS D&G	National Health Service Dumfries and Galloway
	PSIAS	Public Sector Internal Audit Standards

Dumfries and Galloway Integration Joint Board



DIRECTION

(ISSUED UNDER SECTIONS 26-28 OF THE PUBLIC BODIES (JOINT WORKING) (SCOTLAND) ACT 2014)

1.	Title of Direction and Reference Number	
2.	Date Direction Issued by Integration Joint Board	
3.	Date from which Direction takes effect	
4.	Direction to	
5.	Does this direction supersede, amend or cancel a previous Direction? If yes, include the reference number(s)	
6.	Functions covered by Direction	
7.	Full text of Direction	
8.	Budget allocated by Integration Joint Board to carry out Direction	
9.	Desired Outcomes	
10.	Performance Monitoring Arrangements	
11.	Date Direction will be Reviewed	

Integration Joint Board Draft Audit Plan 2019/20

Assurance Area	Timing	Who	Days	Comments
Audit Planning	June 2020	IJB CIA	40	Draft Internal Audit plan 2020/21
Audit work	by March 2020	IJB CIA & LA CIA		Scope to be agreed. Assurances around delivery of transformational change
Audit Management	Ongoing	IJB CIA		Liaison with managers and Directors and 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
Audit Follow up	2019/20	IJB IA		To follow up on the remaining actions from the 2016/17 internal audit

Previous work undertaken in the 2016/17 IJB audit

Governance and Assurance arrangements - Initial	2016/17	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
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Future areas of audit work – potential

	tbc	IJB IA	tbc	IJB Governance and Assurance arrangements, including review of <ul style="list-style-type: none"> - Risk and Performance Management arrangements - Decision making processes - Arrangements for monitoring of performance of the IJB in delivering its objectives - Monitoring and reporting mechanisms across the IJB and partner organisations. - The Risk Management framework within the IJB to provide assurance that this reflects the key risks
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