



Integration Joint Board
Audit and Risk Committee

7th September 2020

This Report relates to
Item 6 on the Agenda

Internal Audit Annual Report

Paper presented by Julie Watters

For Discussion and Noting

Approved for Submission by	Chief Finance Officer, Integration Joint Board
Author	Chief Internal Auditor, Integration Joint Board
List of Background Papers	
Appendices	1. NHS Internal Audit Annual report 2019/20 2. NHS Governance Statement 2019/20 3. DGC IJB Internal Audit statement 2019/20 4. DGC Draft Governance Statement 2019/20

SECTION 1: REPORT CONTENT

Title/Subject:	IJB Internal Audit Annual Report 2019/20
Meeting:	Audit and Risk Committee
Date:	7 th September 2020
Submitted By:	Julie Watters
Action:	For Discussion and Noting

1. Introduction

- 1.1 The purpose of this report is to update Audit and Risk Committee on Internal Audit assurances for the Integration Joint Board (IJB) for the year 2019/20.

2. Recommendations

- 2.1 The IJB Audit and Risk Committee is asked to note the contents of this report which summarises the work undertaken by Internal Audit during 2019/20 and provides the Chief Internal Auditor's opinion on the internal control environment within the Integration Joint Board for the financial year 2019/20.

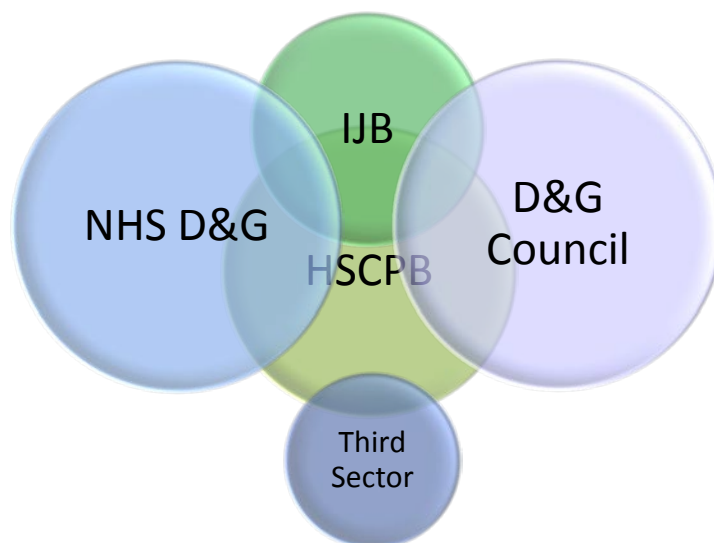
3. Background

- 3.1 The Scottish Government Integrated Resources Advisory Group (IRAG) issued "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 establish adequate and proportionate internal audit arrangements for the review of risk management, governance and control of the delegated resources. The guidance further states that the IJB has a responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control.
- 3.3 Internal Audit is required to provide an annual assurance statement to inform on the overall adequacy and effectiveness of the framework of governance, risk management and control and the preparation of the governance statement.

4. Audit Plan – Delivery of assurances

- 4.1 Audit assurances to the IJB are not delivered in isolation and the internal audit functions of both NHS Dumfries & Galloway and Dumfries and Galloway Council also deliver assurances to their respective organisations that should also be considered by the IJB where relevant. The following diagram gives a simplistic demonstration of the overlap in assurances and responsibilities, although in reality the boundaries are not as clear cut as the diagram suggests.

Diagram 1 – Integrated Assurances



- 4.2 The internal audit plan in previous years has taken into consideration the operational delivery of services within the Health Board and Local Authority on behalf of the IJB and the assurances that have been delivered by the separate internal audit plans completed during each year.
- 4.3 For 2019/20 the plan also included an allocation of resource from both the NHS and Council audit functions to deliver a joint audit which following discussion was agreed to focus on Delayed Discharges. Unfortunately this work was not progressed due to service pressures around the Covid 19 pandemic.
- 4.4 Despite no IJB specific internal audit reviews have been undertaken during the course of the year, audit work carried out within each of the host organisations has been considered in preparing this annual report and assurances this year have been enhanced with the completion of an assurance statement by the Internal Audit Manager for Dumfries and Galloway Council.
- 4.5 Consideration of these assurances was been undertaken to provide an annual assurance statement which considers the whole control environment in which the IJB operates and this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2018/19.

NHS Dumfries and Galloway – Assurances considered

- 4.6 During 2019/20 the NHS Internal Audit function reported on the following audits, many of which have also been considered in forming an overall opinion on the control environment of the IJB.

Audit	Assurance	Number of actions	IJB relevance
Delegated Authorities	Moderate	12	✓
Hospital Cleaning	Significant	5	✓
Payroll	Significant	2	
Transport	Moderate	11	✓
Waste Management	Moderate	10	
Digital Health Strategy	Moderate	4	✓
Patient Access and Waiting Times	Moderate	6	✓
Integrated Central Equipment Stores	Significant	6	✓
Services for Older People	Significant	3	✓
IT Security	Moderate	-	✓
Contract Management	Moderate	-	✓
Stores & Stock Control – Pharmacy	Significant	8	
HR Systems – eESS	Limited	19	✓
DLs and Scottish Government Guidance	Moderate	8	✓
Feedback Management (incl Complaints)	Moderate	12	✓
Remote Working	Moderate	7	✓
Risk Management	Limited	24	✓

- 4.7 All of these audits give an indication on the control environment within the IJB to some extent given that staffing and processes that sit within the NHS are delivering on the objectives of the IJB, however those with more relevance have been identified above. This information was reported in the Internal Audit Annual Report to the Health Board's Audit and Risk Committee in June 2020. This is attached at **Appendix 1** for information.
- 4.8 40 days had been allocated from the NHS audit plan to deliver on joint assurance work. This allocation will be reviewed for future years to ensure that audit resource is allocated where assurances are most required.
- 4.9 The Health Board has a robust process for preparing the Governance Statement which collates assurances from across the relevant areas of governance. This statement has been reviewed in full along with supporting evidence as part of NHS reporting requirements and is attached in **Appendix 2**.

Dumfries and Galloway Council – Assurances considered

- 4.10 The Chief Internal Auditor of the IJB has discussed with the Internal Audit Manager of Dumfries and Galloway Council assurances that can be gained from work they have undertaken that could be relevant to the IJB. Whether or not audits are directly IJB related, audit work undertaken by DGC should be considered as this provides assurances over the control framework of the Council and have an impact where these areas come under the remit of the IJB either partly or indirectly.
- 4.11 The Annual Report of the Council's Internal Audit Manager which includes his Controls Assurance Statement has been provided for reference in preparing the IJB annual report. This has not, however been through the full Council committee process and therefore cannot be shared at this stage. This report details completion

of the audit plan against what was proposed and details staffing pressures within the Internal Audit team due to staff retirement and secondment which reduced the number of audit days delivered.

- 4.12 4 audits were undertaken within the Council that had direct relevance to the IJB. These are:
- Direct Payments
 - MOSAiC Payments (Dom Care)
 - MOSAiC Payments (Fostering)
 - MOSAiC Payments (Residential Care)

These reports have been reviewed and no issues have been identified that need to be escalated at this time. Closure of actions against the recommendations from these audits will be monitored and fed back through this committee if they are of concern.

- 4.13 As detailed in section 4.4 above, days were allowed from the Council plan to cover IJB audit work although this joint work was not progressed due to Covid 19.
- 4.14 A further assurance that was requested this year from the Council's Internal Audit Manager was a formal summary of work undertaken within the Council. This statement is attached in **Appendix 3** and indicates that no issues of relevance have been raised from audit work undertaken.
- 4.15 The Council's draft Governance Statement (**Appendix 4**) has also been considered to understand where assurances are given relating to integration and joint working. In previous years the statement has made specific reference to strengthening Elected Members' and Officers' understanding of IJB governance arrangements and roles and responsibilities which was identified as an area for development for 2018/19 and 2019/20. The Governance Statement in sections 3.5 and 3.20 details how this has been enhanced.

Assurances specific to the Integration Joint Board

- 4.16 There have been a number of meetings between the Chair and Vice Chair of the IJB Audit and Risk Committee, the Chief Finance Officer and the Chief Internal Auditors of both the Council and the NHS Board to refine the process for sharing assurances and understand the relationship between the control environments of the respective host organisations and the overall assurance framework within the IJB.
- 4.17 Previously, during 2016/17, one audit was undertaken which was specific to the IJB, IJB/01/17 - IJB Governance Arrangements. This audit gave a Moderate level of assurance and had 9 recommendations. Of the 9 recommendations made, 8 have formally been closed off with 1 remaining outstanding. The table below details the Management Action Plan from this audit detailing the background to this action.

Audit Findings and Recommendations		Management Response
No	Key Risk / Control weakness	Recommendation
9	<p>Finding Group: Risk Management Finding Type: Monitoring</p> <p>There is a risk that risk management monitoring arrangements are not actioned as described by the Risk Management Strategy. This arises following a discrepancy in what has been set out and that discussed at H&SCSMT for exception reporting.</p>	<p>Grade – C</p> <p>It must be ensured that the risk management monitoring arrangements stipulated by the Risk Management Strategy are implemented as described or the necessary amendments made to reflect how assurances are intended to be delivered in practice.</p> <p>Management Action</p> <p>Paper to be presented to IJB Audit and Risk Committee in September providing information on corporate risk register and ongoing plans to develop risk.</p> <p>Evidence required: We need confirmation and evidence that the Risk Management processes detailed within the Risk Strategy are being followed. This is not currently in place</p> <p>Manager Responsible Maureen Stevenson/ Richard Fox</p> <p>Target Date 31st December 2017</p>

- 4.18 This action, which is nearly 3 years overdue, relates to the risk management strategy for the IJB and its implementation. Audit and Risk Committee are fully sighted on the issues surrounding risk management at this time and risk remains an active agenda item moving forward, however this now needs to become an area that informs all other processes as the strategy is aspirational and at danger of being disconnected from other processes.
- 4.19 The Governance Statement for the IJB has been considered. This details the business of the IJB and its committees during the course of the year, the impact of Covid 19 on governance and the key risks that face the IJB.

Conclusion

- 4.20 Based on our work throughout the year, Internal Audit have concluded that:
- There were adequate and effective internal controls in place throughout the year, and
 - The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role.
- 4.21 In addition, we have not advised of any concerns around:
- The format and content of the Governance Statement in relation to the relevant guidance
 - The consistency of the Governance Statement with the information that we are aware of from our work
 - The disclosure of relevant issues

The 2019/20 Internal Audit plan has been delivered in line with the Public Sector Internal Audit Standards.

SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS

5. Resource Implications

- 5.1 For 2019/20 resources were identified from within the Health and Local Authority internal audit functions. Although a joint audit was not able to be progressed, some of this resource was used to deliver on joint assurances for 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 There are a number of limitations to any audit plan delivered in that the risk register for the IJB which should be used to inform the plan is still under review. This is an area that is being enhanced for the future.

8. Consultation

- 8.1 The IJB Chief Finance Officer and Chair of the Audit and Risk Committee were consulted on the proposed audit plan and its delivery. The year-end reporting process has been discussed with the committee Chair and Vice Chair.

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