



Dumfries and Galloway IJB
Audit and Risk Committee

10 June 2021

This Report relates to
Item 8 on the Agenda

Draft Internal Audit Plan 2021/22

Paper presented by Julie Watters

For Approval

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List of Background Papers:	
Appendices:	Appendix 1 – NHSD&G Audit Plan 2021/22 Appendix 2 – Joint Working and Reporting Protocol

1. Introduction

- 1.1 This report outlines the draft internal audit plan for the Integration Joint Board for 2021/22.

2. Recommendations

2.1 The IJB Audit and Risk Committee is asked to:

- **Approve the Internal Audit plan for 2021/22 and to consider the process for receiving assurances on relevant audit work undertaken.**

3. Background and Main Report

- 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 through the Health and Social Care Partnership and the assurances expected to be delivered by the separate internal audit plans already approved for 2021/22. 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.
- 3.5 The proposed audit plan for 2021/22 aims to coordinate the assurances across the IJB and the areas of service delivery within the Health and Social Care Partnership.
- 3.6 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.
- 3.7 The Internal Audit functions of both NHS Dumfries and Galloway (NHSDG) and Dumfries and Galloway Council (DGC) have risk based audit plans approved through their respective Audit and Risk Committees each year. These plans cover the range of services that are delivered through the Health and Social Care Partnership and provide assurance on the governance, risk and internal control

framework within their respective organisations.

- 3.8 Whilst the plans differ, both are designed to gather sufficient evidence to support a formal annual statement on the adequacy and effectiveness of the systems of internal control in place within each organisation.
- 3.9 The NHS D&G plan for the first 6 months of 2021/22 was approved in April 2021. This plan detailed the challenges in completing audit work over the last year due to the impact of Covid across the Health Board and proposed the continuation of the final audits from the approved 2020/21 audit plan. This approach was to allow for work within the Health Board around risks and priorities to be completed and to ensure that audit focus is on the highest areas of risk moving forward. Audits still to progress are as follows:
- Governance Blueprint
 - Performance Reporting
 - Sustainability and Modernisation Programme
 - Communications
 - Safer Staffing Bill
 - Health Inequalities
 - Ward level controls
- 3.10 This approach was approved along with the agreement that a plan of audit work for the remainder of the year would be taken to the October 2021 Audit and Risk Committee meeting. The approved plan is included at Appendix 1.
- 3.11 It should be recognised that the public sector is facing unprecedented pressures in relation to all aspects of service delivery at the current time due to the Covid pandemic. This has had a significant impact on both the NHS and Local Authority audit plans with audits taking much longer to complete or being requested to be postponed by management.
- 3.12 The D&G Council plan for 2020/21 was due to go to the April 2021 Audit, Risk and Scrutiny meeting for approval. This has not yet been provided at the time of reporting and it is not clear from the April 2021 committee papers whether this has been approved. Further detail will be provided when this becomes available.
- 3.13 It has previously 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.
- 3.14 To expand on this agreement and to ensure that there is a formal sharing of audit outputs from all activity within both the Health Board and Local Authority, a Joint Working and Reporting Protocol has been drafted. This is attached at Appendix 2 for information.
- 3.15 It was agreed at a Joint Internal Audit Priorities meeting on 18th January 2021 that the IJB plan for 2021/22 would initially consider coordination of assurances for the first 6 months of the year and would further consider areas of emerging risk as we moved into a recovery position. The following table therefore identifies how this will be carried out.

Assurance Area	Timing	Who	Days	Comments
Audit Planning	June 2021	IJB CIA	40	Draft Internal Audit plan 2021/22 Further agreed work (Dec 2021)
Audit Management	Ongoing	IJB CIA		
Coordination of assurances	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	Sept 2021	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

3.16 Moving forward the following areas will be considered, in relation to how assurances are provided and what the source of this may be i.e. management or independent:

- IJB Governance and Assurance arrangements,
- Performance Management arrangements
- Decision making processes
- Arrangements for monitoring of performance of the IJB in delivering its objectives
- Monitoring and reporting mechanisms across and within the Health and Social Care Partnership.
- Risk Management framework within the IJB to provide assurance that this reflects the key risks

3.17 Changes to governance in relation to Covid-19 will also require consideration and therefore the revised IJB Risk Register and relevant recovery arrangements will be reviewed to identify any priorities for the second half of the audit year.

4. Conclusions

4.1 The proposed audit plan for 2021/22 aims to coordinate the assurances across the IJB and the areas of service delivery within the Health and Social Care Partnership.

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 Moving forward and in line with the Joint Working protocol audit planning timescales will be brought in line with those of the NHS and Council. 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 and 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 in the planning process.

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 this report.

Abbreviation	Term
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	NHS Dumfries and Galloway
PSIAS	Public Sector Internal Audit Standards

DUMFRIES and GALLOWAY NHS BOARD**AUDIT AND RISK COMMITTEE**

26th April 2021

**Internal Audit Plan 2021/22****Author:**

Julie Watters
Chief Internal Auditor

Sponsoring Director:

Jeff Ace
Chief Executive

Date: 13th April 2021**RECOMMENDATION**

The Audit and Risk Committee is asked to **discuss and note**:

- The Internal Audit Strategy which meets the requirements of PSIAS (**Appendix 1**)
- The Risk and Audit Universe (**Appendix 3**)

The Audit and Risk Committee is asked to **approve**:

- The revised Internal Audit Charter (**Appendix 2**)
- The proposed approach and Internal Audit Plan for 2021/22

CONTEXT**Strategy/Policy:**

This report details the overall strategy for the provision of Internal Audit within NHS Dumfries and Galloway.

Organisational Context/Why is this paper important/Key messages:

The proposed Internal Audit Plan is based on the most recent assessment of risks and exposures that may affect the Board, with an aim to provide assurance on the adequacy and effectiveness of the internal control, governance and risk management processes within the Board.

This approach is being given a degree of flexibility to reflect the changes within the Board in light of the Covid-19 pandemic and also to reflect the timing of development of the Risk Management Framework across the organisation.

GLOSSARY OF TERMS

PSIAS - Public Sector Internal Audit Standards

MONITORING FORM

Policy / Strategy Implications	<p>This paper, once approved, will inform the work undertaken by Internal Audit during 2021/22.</p> <p>Audit assurances gained will be used to inform the Annual Statement of Assurance prepared by the Chief Internal Auditor which in turn is used to inform and comment on the adequacy of the annual Governance Statement.</p>
Staffing Implications	Within current staffing compliment.
Financial Implications	Within overall budget for Internal Audit function.
Consultation / Consideration	Chief Executive, Chair of Audit and Risk Committee and External Auditors
Risk Assessment	Annual Audit Plan is risk assessed in addition to consideration of the Boards own Risk Management processes.
Risk Appetite	<p style="text-align: center;">Low <input checked="" type="checkbox"/> Medium <input type="checkbox"/> High <input type="checkbox"/></p> <p>There is a low appetite for poor compliance with the required standards of governance within NHS Boards.</p>
Sustainability	Sustainability risks are considered within the Audit Planning processes
Compliance with Corporate Objectives	Corporate Objectives are considered in the audit planning processes
Local Outcomes Improvement Plan (LOIP)	Outcomes in relation to health inequalities and community empowerment are considered.
Best Value	<p>All Best Value themes are considered through the annual audit plan, however this paper gives specific consideration to:</p> <ul style="list-style-type: none"> • Vision and Leadership, • Governance and Accountability, • Performance Management, and • Sustainability.
<p>Impact Assessment</p> <p>Although an Impact Assessment is not required, the contents of the Equality and Diversity Impact Assessment have been considered as part of the planning process</p>	

Introduction

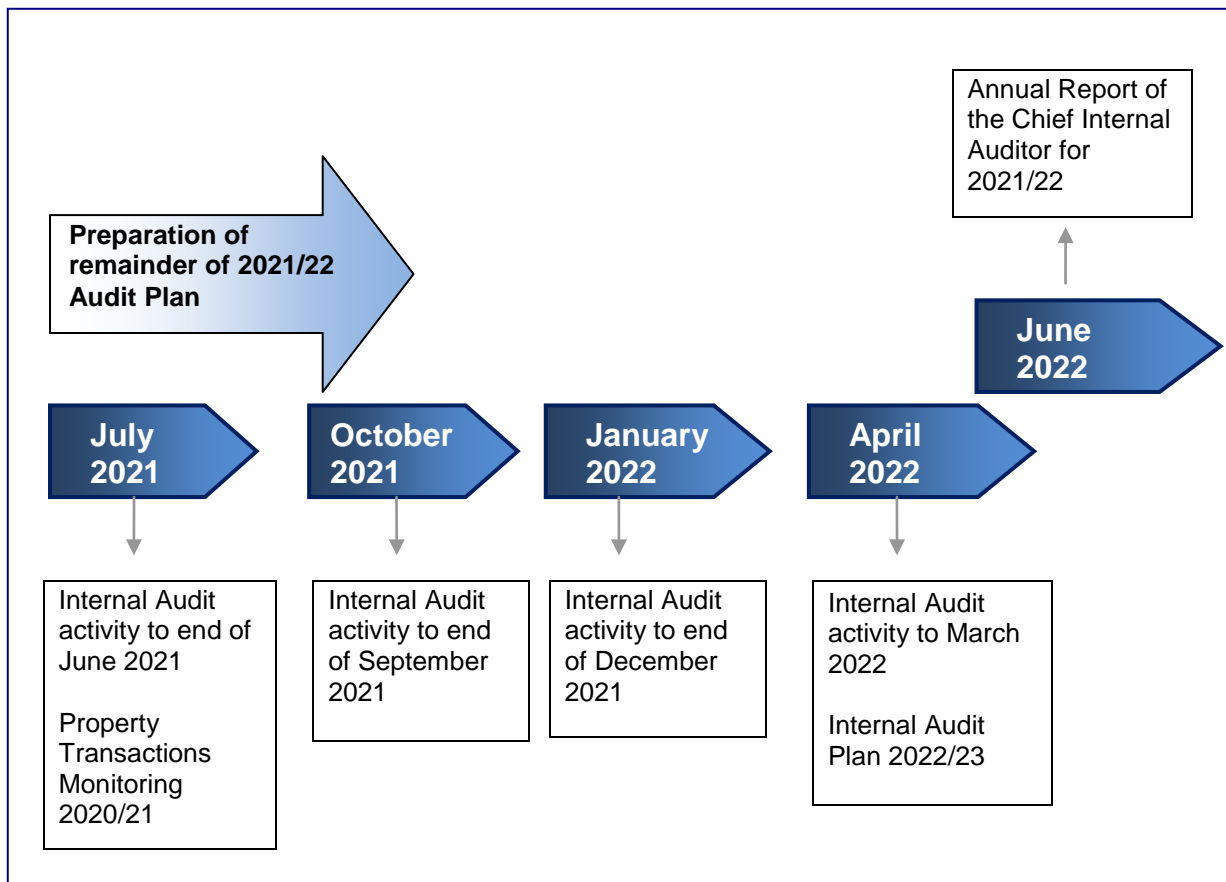
1. This report and attachments present the Chief Internal Auditor's approach for the provision of Internal Audit within NHS Dumfries and Galloway for 2021/22 and the proposed Audit Plan.

Planning approach

2. It was agreed at the January 2021 Audit and Risk Committee meeting, that a 6 month plan be brought to this meeting, with a further plan to cover the remainder of the audit year to come to the October 2021 meeting.
3. Due to the pressures with Covid-19 over the last year, the Audit Plan for 2020/21 has not been completed and there a number of audits that are at various stages from initial scoping to systems review and early testing. These audits would either need to be carried forward into the 2021/22 plan or cancelled which would mean that time spent on them to date would be lost.
4. Further to discussions with the Chief Executive, Chair of Audit and Risk Committee and External Auditors, it is felt that the best approach would be to continue with the remaining audits for the start of the audit year and to bring a fully risk assessed plan back to the October 2021 meeting as previously agreed that will provide the required assurances for the remainder of 2021/22.
5. The audits that are proposed to continue to be delivered are as follows:
 - Governance Blueprint
 - Performance Reporting
 - Sustainability and Modernisation Programme
 - Communications
 - Safer Staffing Bill
 - Health Inequalities
 - Ward level controls
6. The priority of these audits and their scopes will reflect the structures and arrangements for remobilisation of services at various stages in the next few months.
7. On a positive note, it is worth highlighting that we will have a staff member returning from maternity leave in June 2021 which will bring us back up to full capacity within the Internal Audit Team.
8. The timing of this decision is also based on the benefits that will come from the three Risk workshops which Audit and Risk Committee members will be attending in the next few months. The discussions and decisions that will be made around the Corporate Risk Register and the Board's Risk Appetite will be used to inform the second stage of the Audit Plan and provide a more agile and flexible approach to determining which audits, and therefore assurances, will be a priority for the remainder of the year.

9. The figure below identifies the timings of the various reports which will be reported to Audit and Risk Committee over the next year.

Fig 1: Audit Planning and Reporting Processes 2021/22




10. Internal Audit work will continue to be provided in accordance with an approved Internal Audit Plan and Audit Charter. Preparation of the plan and its subsequent approval by Audit and Risk Committee is in line with the Public Sector Internal Audit Standards (PSIAS) and the Scottish Government Audit and Assurance Committee Handbook. As set out in PSIAS, the focus of the internal Audit Strategy and Plan should be built around a risk-based approach within the organisation which underpins and enhances its value.
11. An Audit Plan should provide sufficient coverage to achieve the objectives of Internal Audit, which are to provide an independent opinion on the effectiveness of risk management, internal control and governance processes within the Board and therefore the content of this Audit Plan will aim to give an adequate level of coverage to be able to provide sufficient assurance across all areas of governance.
12. In terms of the perception of overall assurance, this is an area for judgement, primarily of the Audit and Risk Committee and of the Accountable Officer who will use this information to not only inform the Governance Statement, but to provide an overall view on risk management, control and governance on an ongoing basis.

13. The format of the Audit Plan that is proposed is intended to allow adequate information on assurances across wide areas of the Board that will enable this perception of assurance to be formed.
14. The Audit Charter was given a full review in 2019, to take into consideration the revised Audit and Assurance Committee Handbook issued in March 2018 and to consider the implications of the removal of the Internal Audit section from the Board's Standing Financial Instructions and ensure that this was reflected in the Charter. This is brought back to Audit and Risk Committee annually for approval.

Summary

15. The audit strategy and audit planning approach have been widely consulted.
16. The Audit and Risk Committee is therefore asked to:
 - Note the Internal Audit Strategy which meets the requirements of PSIAS
 - Approve the revised Internal Audit Charter
 - Note the Risk and Audit Universe
 - Approve the proposed approach and Internal Audit Plan for the first half of 2021/22

<p>Internal Audit</p> <p>Audit Strategy</p>	
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Introduction

1. This document presents the Chief Internal Auditor's overall strategy for the provision of Internal Audit within NHS Dumfries and Galloway.

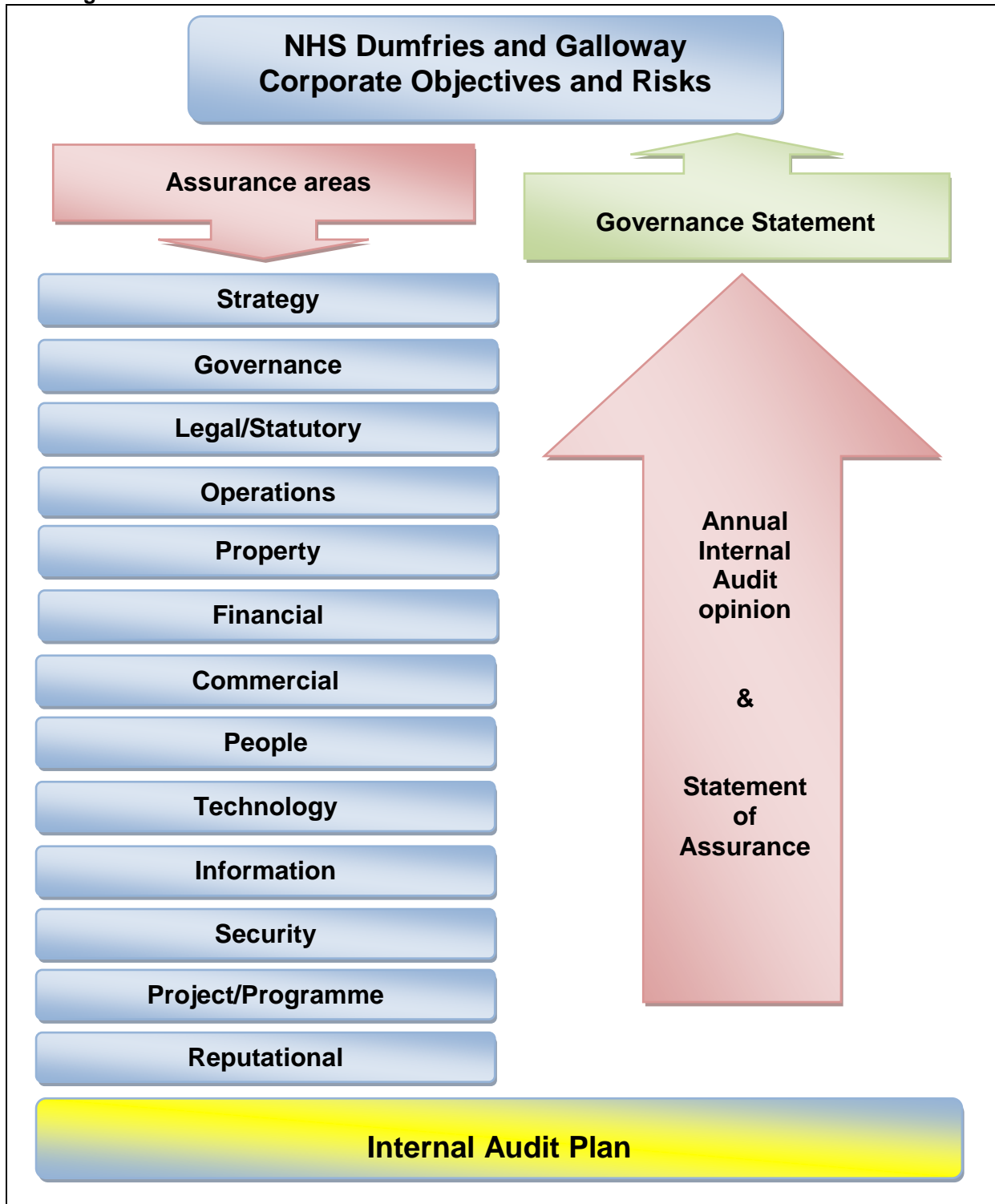
Audit Strategy

2. The audit strategy is linked to the higher-level corporate aims and objectives of the Board. This will ensure that the overall audit strategy will facilitate:
 - The improvement of risk management, control and governance processes within the Board by providing management with assurances on the work undertaken and recommendations arising from audit work undertaken.
 - The provision of an overall opinion each year on risk management, control and governance processes, to support the preparation of the Governance Statement.
3. In developing a high level approach to the coverage of the work that is undertaken by Internal Audit, the following has been considered by the Chief Internal Auditor to identify potential auditable areas within the Board:
 - Dumfries and Galloway Health and Social Care Partnership Strategic Plans 2016-2019, 2018-2021 and associated documents, such as Locality Plans.
 - Integration Scheme between NHS Dumfries and Galloway and Dumfries and Galloway Council.
 - Dumfries and Galloway Local Outcomes Improvement Plan (2017–2027)
 - Draft Digital Health and Care Strategy 2020-2024.
 - The Healthcare Quality Strategy for NHSScotland – May 2010.
 - Audit Scotland Priorities and Risks Framework - A national planning tool for 2011/12 NHSScotland audits (Audit Scotland, November 2011).
 - Recently issued Audit Scotland reports which are relevant to the NHS in Scotland.
4. These documents have helped to provide information on the key areas of risk not only within NHS Dumfries and Galloway, but across the NHS and the wider public sector in Scotland.
5. Further scrutiny is undertaken of Board communications and areas covered within Board and Committee agendas and minutes to ensure that, where possible, emerging issues are identified and that as much as possible the audit

strategy and final plan consider the Board's Corporate aims and objectives and the risk of not achieving these. The Committee "Lite" structure has also been considered.

6. The diagram below shows the link between our corporate objectives and risks and the assurances from the audit plan.

Fig 1



7. The audit planning universe has been revised to cover the Risk categories in the Orange Book. It had been hoped that these would have been adopted with the revised Risk Framework, however, although some of the categories have been merged or adopted, these have not been fully integrated. This is being reviewed as part of the Board's Risk Appetite approach.
8. The approach to preparing the audit plan also includes:
 - Review of corporate risk register
 - Review of annual governance statement guidance
 - Review of changes within the board such as a revised programme board structure and changes to associated decision making processes
 - Where available service and programme risk registers have been considered
 - Consideration of emerging issues and risks nationally, regionally and locally
 - Issues arising from previous audit reports and other assurance providers
9. The Chief Internal Auditor maintains a "Risk and Audit Universe" which is used to inform the audit planning process. This a record of the areas that can potentially be audited, categorised under the headings in the diagram above, where assurance may be required to the Board through Audit and Risk Committee. This has been reviewed and current issues and risks have been identified and included for assessment.
10. The review process follows the structure below

Stage 1 – Review of governance and assurance requirements

As with previous plans a key area of focus of the planning process for 2020/21 was to identify the audit themes that are required to provide independent assurance as part of the Governance Statement.

As Accountable Officer, the Chief Executive is responsible for reviewing the adequacy and effectiveness of the system of internal control. At a minimum this review should include an assessment of the effectiveness of governance, risk management and internal control arrangements for the four main strands of governance:

- Clinical Governance
- Staff Governance
- Financial Governance
- Information Governance

Whilst focussed on specific elements, these strands of governance are not mutually exclusive and should be linked through an integrated risk management and internal control framework. The guidance required to assist NHS Boards in implementing such an integrated framework is continually evolving and being developed through guidance such as:

- Memorandum to Accountable Officers from the Permanent Secretary to the Scottish Government
- Good Governance Standard for Public Services
- Staff Governance Standard and Self-Assessment Audit Tool
- Standards for Clinical Governance and Risk Management
- Scottish Government Audit and Assurance Committee Handbook (2018)
- International Framework: Good Governance in the Public Sector (CIPFA)
- On Board - A guide for Board Members of Public Bodies in Scotland (April 2015), and, more recently
- The Governance Blueprint

A further mapping exercise was carried out to ensure that the key financial areas and controls within the Board are considered and appropriate assurance provided. This involved review of the following areas:

- Original guidance on the Statement on Internal Control - CEL (2008)44 and supplementary annual guidance on the Governance Statement within the SPFM
- Standing Financial Instructions
- Scheme of Delegation
- Corporate Risk Register
- Departmental Risk Registers (where available)
- Key areas of materiality within the Annual Report and Accounts

This exercise was used to identify potential systems or processes, financial and non-financial, that require inclusion in the scope of coverage of Internal Audit.

An area that is being further developed during the course of this year is the Board Assurance Map which has been taken in draft form to Audit and Risk Committee and Management Team. This has been created giving consideration to the areas where assurances are required and what these assurances are expected to be so that gaps can be identified and duplication minimised.

It is important to note that the Internal Audit opinion does not supersede the Accountable Officer's personal responsibility for risk, control and governance as detailed in the guidance referred to above.

Stage 2 – Review of Corporate Risks

As detailed above, full consideration has been given to the Corporate Risk register which has been mapped against previous audits undertaken and the assurances that these have provided. Previous changes and consolidation of risks within the corporate register did not lead to changes within the auditable areas, although the approach to the consolidation of the risks was considered along with the process for considering closed risks on the register.

This is used to inform the Risk and Audit universe and to identify where the highest risk areas lie and where the Board, through the Audit and Risk Committee, would seek to gain independent assurance on the management of these key risk areas. This part of the process has not led to many changes as the proposed workshops on Risk with Board members and the Senior Management Team may lead to changes which at this stage cannot be identified.

Stage 3 - Further risk identification

The audit universe is discussed with Executives and senior management within the Board to identify if there are any other issues that are felt to be worthy of review that may not already have been identified through the process above or included in current risk registers. This process was also used to provide an overview of management priorities. This engagement with management should also help with future reporting and acceptance of recommendations as the audits will, in a number of instances, relate specifically to issues that have been highlighted by them.

Stage 4 - Risk Assessment

From the scale of the audit universe, it is apparent that available audit resources are not sufficient to cover all auditable areas and therefore the audit universe has been risk assessed based on a number of factors to give a prioritisation dependant on independent assurances required. Risks that present themselves to the Board will change and therefore the risk universe requires continual assessment and updating.

The possible audits have been risk-rated against seven risk categories:

- Materiality/Financial Impact
- System Stability/Level of change
- Degree of Devolved Control
- Patient Impact
- Staff Impact
- Legislative or Regulatory considerations
- Sensitivity/Reputational Risk

These risk-ratings are then adjusted to consider the date of the last audit and the level of assurance gained from the most recent audit. The scores from the risk rating exercise have helped to prioritise audits as Very High, High, Medium and Low, in terms of audit priority. In drafting the plan, priority has been given to the higher priority audits whilst recognising that some audits such as Property Transactions are mandatory and are therefore required to be undertaken each year.

Further consideration has been given to the fact that we have a Board Risk Appetite statement and this has been used to give further priority to the areas where the Board has decided we have a lower tolerance to issues, errors or non-compliance.

The Risk and Audit Universe is attached in **Appendix 3**. The approved audit plan would normally comprise of audits that are currently classed as Very High or High with some more transactional audits required to be undertaken on a more regular basis. This approach will be enhanced to bring forward a more meaningful plan of work in October 2021 for the remainder of the year.

Summary

11. Audit and Risk Committee members are asked to note the planning approach whilst giving consideration to the impact of Covid-19 to the organisation and its control and assurance processes over the last year
12. Members should further consider the breadth of assurances that they require from Internal Audit to ensure that they are aware of where assurances will come from should audit not provide coverage within that area in the financial year.
13. The overall audit strategy has been discussed with the Chair of the Audit and Risk Committee, Chief Executive and External Auditors.

Internal Audit Charter

Introduction

1. This Audit Charter sets out the purpose of the Internal Audit function within NHS Dumfries & Galloway and details the authority and responsibilities conferred by the Board on the Chief Internal Auditor.

Background and Requirements

2. Internal Audit operates in accordance with the Definition of Internal Auditing, Code of Ethics and Standards detailed within the Public Sector Internal Audit Standards (PSIAS) adopted by Scottish Government and NHS Scotland in April 2013 and updated in 2016.

Mission and Definition

3. The mission of internal audit is to:

“Enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight”.

4. The definition of Internal Audit as detailed within PSIAS is as follows:

“Internal Auditing is an independent objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Role and Scope of work

5. Internal Audit provides its assurances to the whole of NHS Dumfries and Galloway, however it is not a substitute for, nor an extension of, good management. It remains the duty of management, not the Chief Internal Auditor, to operate an adequate system of internal control.
6. Internal Audit’s remit covers the whole range of Board systems and internal controls established to:
 - Achieve the Board’s objectives
 - Ensure the economical and efficient use of resources
 - Ensure compliance with established policies, procedures, laws and regulations
 - Safeguard the Board’s assets and interests from losses of all kinds including those arising from fraud, irregularity and corruption
 - Ensure the integrity and reliability of information and data

7. Internal Audit will provide an opinion on the integrity and reliability of financial and other information provided to management and stakeholders, including information involved in decision-making within the Board.
8. Internal Audit will examine the arrangements by which decisions are made, monitored and reviewed and the application and understanding of policies within the organisation. It is not within the remit of Internal Audit to question the appropriateness of policy decisions other than to review how local policies and guidance sit within the context of national policy and legislation.

Independence

9. The Chief Internal Auditor reports managerially to the Chief Executive, although there is a direct reporting line from the Chief Internal Auditor to the Audit and Risk Committee, which is independent of the Chief Executive and other Executive Directors. This allows a degree of independence in terms of personal objectivity to enable the Internal Audit role and duties to be performed in a manner which will allow professional judgement and for recommendations to be effective and impartial.

Authority and Access

10. The Chief Internal Auditor shall be entitled, without necessarily giving prior notice, to request and receive:
 - Access to all records, documents and correspondence, whether paper or electronic, relating to any financial or other relevant transactions, including documents of a confidential nature with the ability to take possession of documents should that action be required
 - Access at all reasonable times to any land, premises or employee of the Board
 - The production or identification of any Board cash, stores or other property under the employee's control or within their area of responsibility
 - Information concerning any matter under investigation or review
11. Requests for information should be dealt with as a matter of priority especially where this is part of an investigation.
12. These powers and right of access are also delegated to individual auditors during the course of normal audit work or during specific investigations carried out under the instruction of the Chief Internal Auditor.

Reporting

13. The Chief Internal Auditor will present an Annual Report to the Audit and Risk Committee, on the adequacy and effectiveness of the whole internal control system within the Board, and the extent on which it can be relied upon.

14. Specifically the report will aim to provide confirmation that:

- Adequate and effective internal controls were in place throughout the year
- The Chief Executive as Accountable Officer has implemented a governance framework sufficient to discharge the responsibilities of this role
- The Internal Audit Plan has been delivered in line with the Public Sector Internal Audit Standards

15. Internal Audit will undertake to produce a Preliminary Report within two weeks of completion of each audit, detailing audit findings and observations and making recommendations to minimise identified risks and address control weaknesses.

16. Managers are required to respond to the audit report within one month of issue stating their proposed action, with an identified responsible officer and timescale, for implementing each agreed recommendation.

17. Once this response is received, a Final Report will be issued to management incorporating the agreed actions and timescales. The Final Report will be issued to the Chief Executive and External Auditors, and also taken to the next Audit and Risk Committee meeting for information.

18. It is for management to determine whether or not to accept and implement audit recommendations, with an explanation of reasons for non-implementation being provided to Internal Audit where this will be shared with Audit and Risk Committee. This decision should be based on a full understanding of the risks identified in the audit process that may remain unmitigated if no action is taken.

19. All audit recommendations will be subject to a formal follow up processes prior to closure of the agreed action. The implementation of audit recommendations through closure of management actions will be monitored and reported to Audit and Risk Committee with specific attention given to any major audit findings where action has been identified but has not been taken.

Responsibilities

20. PSIAS detail specific roles within the standards which are interpreted as being the following within NHS Dumfries and Galloway.

- **The Board** - For the purposes of this Charter and internal audit activity, the interpretation of Board/board within PSIAS relates to Audit and Risk Committee. This interpretation has been adopted by other NHS Boards
- **Senior Management** – This is the Board's Chief Executive and Executive Management Team
- **Chief Audit Executive** – This role is assigned to the Chief Internal Auditor as the person who holds a relevant professional qualification and is suitably experienced

21. The Chief Internal Auditor will:

- Create an audit strategy which details the high level approach for delivery of Internal Audit and creation of the audit plan
- Undertake an assessment of risks within systems of internal control
- Formulate and gain acceptance of a risk based audit plan to provide assurance to Audit and Risk Committee and the Board that systems of internal control are operating satisfactorily
- Ensure sufficient, relevant and reliable evidence is obtained on which to examine and evaluate systems of internal control and on which to base conclusions and recommendations
- Communicate findings, conclusions and recommendations arising from individual audit assignments and overall programmes
- Ensure that arrangements are made to facilitate the follow up of audit recommendations and monitor the effectiveness of any actions taken

22. This will be enabled by:

- Providing leadership of the audit team
- Managing available resources, financial and otherwise, to achieve audit objectives
- Continually monitoring and reviewing the implementation of organisational, procedural and technical change to optimise working practices and staff development
- Identifying potential areas for quality improvement and ensure proposals are communicated to appropriate people

23. All internal audit work will be undertaken with due professional care and in accordance with the Public Sector Internal Audit Standards.

Resourcing

24. The Chief Internal Auditor will be selected and appointed by a panel chaired by a non-executive director, preferably the Chair of the Audit and Risk Committee. The Chair of the Audit and Risk Committee will approve the composition of the panel and Audit and Risk Committee will approve the appointment.

25. The Chief Internal Auditor is responsible for appointing members of the Internal Audit team. The Chief Internal Auditor will appoint appropriate individuals to ensure skills and experience are continually introduced and developed within the section. The Chief Internal Auditor will ensure that staff maintain professionalism and that there are adequate resources to fulfil Internal Audit's assurance role.

26. The Chief Internal Auditor shall ensure:

- Individual and collective skills, competence, experience and qualifications are appropriate for the audits being performed
- All internal audit work undertaken is properly supervised

- Compliance with all relevant standards and codes of ethics as laid down by the Chartered Institute of Internal Auditors and NHSScotland
- All audit staff undertake training and development activities to enable them to progress their Personal Development Plans, and demonstrate a commitment to personal and professional development to meet relevant CPD requirements and achieve personal and departmental objectives

Audit Plan Scope and Coverage

27. To enable achievement of Internal Audit objectives, the Chief Internal Auditor shall prepare and submit an annual risk-based audit plan for approval through the Audit and Risk Committee that assesses the Board's Risk Management, Control and Governance processes. This will indicate the extent of audit cover proposed and will provide a detailed plan for the forthcoming year with an indication of the audit planning approach and rationale to be used for following years.
28. Audit will consider the adequacy of controls necessary within a sound governance framework. It will seek to confirm that management have taken the necessary steps within this framework to achieve the Board's objectives and manage the associated risks.
29. The Chief Internal Auditor will:
 - Prepare and undertake a risk assessed audit programme based on both audit and management's perception of key risks which may impact on the achievement of Board objectives
 - Identify key processes on which it is proposed to provide assurance
 - Determine that systems of control operate to promote the most economic, efficient and effective use of resources
 - Evaluate those systems, identify inappropriate or inadequate controls, and recommend improvements in procedures or practices
 - Report on results to management and Audit and Risk Committee
30. The Chief Internal Auditor will liaise with the Board's External Auditors to minimise any duplication of audit effort and ensure that, although they are no longer required to place reliance on Internal Audit work, they are informed of the outputs from our work and assurances provided.

Quality Assurance and Improvement

31. All Internal Audit work carried out will be in accordance with locally documented Internal Audit working practices and protocols. These set out the steps which Internal Audit will take to ensure that the audit process meets the requirements of Internal Audit, management, Audit and Risk Committee and the Board. These Audit protocols, which will be held within the Audit Manual, may be amended as required in line with internal auditing best practice, changes to internal auditing standards and management, governance and Audit and Risk Committee requirements.

32. The Chief Internal Auditor is responsible for implementing internal performance measures to monitor the effectiveness of the service and compliance with standards. A set of measures has been prepared and approved through Audit and Risk Committee to provide a framework around which the performance of Internal Audit can be measured.
33. The Audit and Risk Committee will review, comment on and if considered satisfactory, approve Internal Audit performance measures as required. In accordance with the Public Sector Internal Audit Standards, Internal Audit performance must be measured, monitored and reported through Audit and Risk Committee.
34. The Chief Internal Auditor shall report managerially to the Chief Executive who will undertake the Chief Internal Auditor's annual KSF review.
35. The role of Internal Audit will be clearly communicated to managers to ensure that there is an understanding of the role of Internal Audit. Continual feedback from managers on audits undertaken will be monitored to identify opportunities for improvement in audit processes.
36. The Chief Internal Auditor will continually review the required skills and knowledge within the audit team to ensure that the team members demonstrate or are working towards the attainment of pre-agreed skills and competencies.
37. Continuous improvement will be embedded in everything that we do.

Risk and Audit Universe 2021/22



The following table identifies the areas risk assessed within the Risk and Audit Universe with those included within the 2020/21 audit plan highlighted in pink.

As part of the overall assurance framework within the Board, Audit and Risk Committee should consider what management or external assurances may require to be sought on those areas assessed as Very High or High to give a full view of this.

Audit area	Risk assessed priority	Risk Appetite adjustment	Risk Appetite	Previous Assurance Level	Year of last audit
Strategy					
Strategic and Operational Planning	Very High	Very High	Low	No previous audit	None
Governance					
Board Governance and Decision Making - Structures	High	Very High	Low	Moderate	2018
Board Governance and Decision Making - Policy framework	High	Very High	Low	Limited	2021
Governance Blueprint	High	High	Low	No previous audit	2021
Governance and Control Framework	Medium	High	Low	Significant	2017
Risk Management	Very High	Very High	Low	Limited	2020
Control Environment and Control Structures	High	Very High	Low	Significant	Older
Audit Scotland report monitoring	High	High	Low	Significant	Older
DL's and Scottish Government guidance	Low	Medium	Low	Moderate	2020
Delegated Authorities	Medium	Medium	Low	Moderate	2019
Register of Interests & Gifts and Hospitality	Very High	Very High	Low	Moderate	2017
Integration Governance Framework	High	High	Medium	Moderate	2017
Performance Management and Reporting	High	Very High	Low	Significant	Older
Waiting Times - SG request	Medium	High	Low	Significant	Older
Local Delivery Plan monitoring and reporting	Medium	Medium	High	Significant	Older
Quality Outcome Indicator monitoring and reporting	Very High	Very High	High	No previous audit	None

Audit area	Risk assessed priority	Risk Appetite adjustment	Risk Appetite	Previous Assurance Level	Year of last audit
Legal/Statutory					
Complaints Management	Low	Low	Low	Significant	2020
Competitive Tenders and Quotations	High	Very High	Low	Moderate	Older
Data Protection Act and Caldicott Guardian	High	Very High	Low	Moderate	Older
Freedom of Information	High	High	Low	Significant	Older
Information Governance and Security Improvement Measures -	Very High	Very High	Low	Limited	2018
IT Security	Medium	High	Low	Moderate	2019
Property Transaction Monitoring	Low	Low	Low	Comprehensive	2021
Operations					
Civil Contingencies Act and Emergency Planning	Very High	Very High	Medium	No previous audit	None
Business Continuity	High	High	Medium	Moderate	Older
Communications	Medium	Medium	Medium	No previous audit	2021
Internet and Intranet sites	Very High	Very High	Low	No previous audit	None
Energy and Utilities Management	Medium	Medium	High	Significant	Older
Overseas Visitors - CEL 9(2008)	Medium	Medium	Low	Significant	Older
IT Asset Management - Procurement/Inventory/Disposal	High	High	Low	Moderate	Older
Stock Management	Very High	Very High	Low	Moderate	Older
Stores and Stock Control - Theatre	Very High	Very High	Low	Limited	Older
Stores and Stock Control - Supplies	Low	Low	High	Significant	Older
Stores and Stock Control - Pharmacy	Low	Low	Low	Significant	2020
Out of Hours Service Pharmacy stock	Medium	Medium	Low	Moderate	Older
Stores and Stock Control - Equipment Bank - ICES	Low	Low	Low	Significant	2019
Stores and Stock Control - Catering	High	Very High	Low	No previous audit	None
Annual Stock Taking process	High	Very High	Low	Limited	2017
CSSD - Tray tracking system	Low	Low	High	Significant	Older
Medical Physics - Equipment and Devices	Low	Medium	Low	Significant	2017
Child Protection	Medium	High	Low	Moderate	2018
Accident and Emergency Departments	Very High	High	High	No previous audit	None
Hospital Admissions	Very High	High	High	No previous audit	None
Hospital Discharging	Low	Low	High	Significant	2017

Audit area	Risk assessed priority	Risk Appetite adjustment	Risk Appetite	Previous Assurance Level	Year of last audit
Theatre Management	Very High	Very High	High	No previous audit	None
Laboratories	Medium	Medium	High	No previous audit	2018
Gaining and Recording of Informed Consent	High	High	High	Moderate	Older
Clinical Governance Programme	Very High	High	High	No previous audit	None
Patients Discharged with Appropriate Medication	High	Medium	High	Moderate	Older
Adverse Incident Reporting	Medium	Medium	High	Moderate	2019
Capacity Management	Low	Low	High	Significant	2018
Safety Action and Hazard Warning Notice Implementation	High	Medium	High	Significant	Older
Outpatient Departments	High	High	High	No previous audit	None
Hospital Cleaning	Low	Low	High	Significant	2019
Decontamination Process - CSSD	Medium	Medium	High	Moderate	Older
Environmental Strategy and Policies	Very High	Very High	Low	No previous audit	None
Patient Access and Waiting Times	Low	Medium	Low	Moderate	2019
Blood Borne Virus Transmission	Medium	Medium	High	Moderate	Older
Out of Hours Service	Medium	Medium	Medium	Moderate	2018
Medicine Management and Dispensing	Medium	Medium	High	Significant	Older
Improvement Programmes - Patient Safety	High	High	High	Moderate	Older
Dementia Standards	High	High	High	Moderate	Older
Long Term Care Arrangements	High	High	High	Moderate	Older
Community Engagement	Low	Low	High	No previous audit	2021
Health Inequalities	Low	Low	High	No previous audit	2021
Health Visiting	Medium	Low	High	Significant	Older
Morbidity and Mortality reviews	Medium	Medium	High	Significant	Older
Francis Enquiry response	Very High	Very High	Medium	Moderate	Older
Adult Protection and Support	Very High	High	High	Moderate	Older
Services for Older People	Low	Low	High	Significant	2019
Day Surgery Unit	High	Medium	High	Moderate	Older
Screening Programmes - Public Health	Medium	Medium	Medium	Significant	Older
Death certification documentation and processes	Low	Low	High	Significant	Older
Management of Cardiology Patient records	Medium	Medium	High	Moderate	Older

Audit area	Risk assessed priority	Risk Appetite adjustment	Risk Appetite	Previous Assurance Level	Year of last audit
Infection Control	High	High	Low	Significant	Older
Ward level controls	Very High	Very High	Medium	No previous audit	None
Property					
Review of Water Testing Processes	Low	Low	Low	Significant	2021
Estate Management	High	High	High	No previous audit	None
Security - Compliance with NHS Security Manual	Low	Medium	Low	No previous audit	2021
Property Maintenance / Maintenance prioritisation	High	High	High	Moderate	Older
Vulnerability of Steam Supplies	Low	Low	High	Significant	Older
Installation of IT - FM considerations	Medium	High	Low	No previous audit	None
Financial					
Best Value	Very High	Very High	Low	Moderate	Older
Authorised Signatories	High	High	Low	Significant	Older
CRES schemes	High	High	Low	Significant	Older
Financial Governance	Low	Low	Low	Significant	2021
Construction Industry Tax	Medium	Medium	Low	Moderate	Older
Changes to Board bank accounts	Low	Low	Low	Comprehensive	Older
Financial Performance Management	Very High	Very High	Low	No previous audit	None
Capital Planning	High	Very High	Low	No previous audit	Older
Financial Controls - SFI's and Financial Operating Procedures	High	Very High	Low	Moderate	2017
Financial Planning and Directorate Budgetary Control	Medium	Medium	Low	Significant	2017
Financial Ledger Maintenance	Low	Low	Low	Significant	Older
Losses and Compensation	Medium	High	Low	Moderate	2018
Budgetary Control - Ring Fenced Funding	High	Very High	Low	No previous audit	2018
Creditors - Accounts payable	Low	Medium	Low	Significant	Older
Debtors - Accounts receivable	Low	Low	Low	Significant	2017
Ledger Controls and Reconciliations	Low	Low	Low	Significant	2018
Cash Control & Banking	Low	Low	Low	Significant	2018
Treasury Management	Low	Low	Low	Comprehensive	Older
Income	High	High	Low	Moderate	Older
Externals - activity monitoring	Low	Low	Low	Moderate	2021

Audit area	Risk assessed priority	Risk Appetite adjustment	Risk Appetite	Previous Assurance Level	Year of last audit
Financial transactions (included in Financial Governance audit)	Low	Low	Low	Significant	2021
Payroll: Overtime Review	Medium	Medium	Low	Significant	Older
Endowments	Low	Medium	Low	Significant	Older
Patients' Funds processes	High	Very High	Low	Moderate	Older
Payroll	Medium	High	Low	Moderate	2019
Payroll: Permanent Data	Low	Medium	Low	Significant	Older
Travel and Subsistence claims	Medium	Medium	Low	Significant	Older
Patient's Travel Expenses	Low	Medium	Low	Significant	2017
Revenue Transactions - PFI	Low	Medium	Low	Significant	Older
Adults with Incapacity Act	Medium	High	Low	Moderate	Older
Capital Assets	Low	Low	Low	Significant	2019
Commercial					
Contract Management	Low	Low	Low	Moderate	2019
Procurement	High	Very High	Low	Moderate	2017
Laundry and Linen Services Contract Lanarkshire	Medium	Low	High	Significant	Older
Waste Management	Low	Low	High	Moderate	2019
Transport	Low	Low	High	Moderate	2019
People					
Whistleblowing arrangements	Very High	Very High	Low	Moderate	Older
Working Time Compliance	High	High	Medium	Moderate	Older
Recruitment processes	High	High	Medium	Moderate	Older
Pre-employment checking	Low	Low	Medium	Moderate	Older
Staff Appraisal process	Very High	Very High	Medium	No previous audit	None
Linking PDP's to Service Needs	Medium	Medium	Medium	Moderate	Older
Staff Engagement	Very High	Very High	Medium	No previous audit	None
Locum Doctors - Use and Payment	High	High	Medium	Moderate	Older
Safer Staffing Bill	Medium	Medium	Medium	No previous audit	2021
Nurse Bank	Very High	Very High	Medium	No previous audit	None
Agency Staff	High	High	Medium	No previous audit	None
Remote Working	Low	Low	Medium	Moderate	2020

Audit area	Risk assessed priority	Risk Appetite adjustment	Risk Appetite	Previous Assurance Level	Year of last audit
Nurse Training	High	High	Medium	No previous audit	None
Mandatory training	Medium	Medium	Medium	Moderate	2017
Staff Development - Recording of Training	Medium	Medium	Medium	Moderate	Older
Health and Safety Policy and Procedures	Very High	Very High	Medium	Limited	2018
Medical Staff Management	Medium	Medium	Medium	Significant	Older
Use of Learning Funds	High	High	Medium	Moderate	Older
Nurse and Midwife Rostering and Work Patterns	High	High	Medium	Moderate	Older
Nurse Revalidation (incl midwifery and AHP's)	Medium	Medium	Medium	Significant	2018
Leadership and Management Capacity	High	High	Medium	Moderate	Older
Absence/Attendance Management	High	High	Medium	Significant	Older
Workforce Planning	Medium	Medium	Medium	Significant	Older
Diversity and Equality	Low	Low	Medium	Significant	Older
Consultant Succession Planning	Low	Low	Medium	Significant	Older
Information					
Information Integrity - (to support reporting, monitoring etc)	Very High	Very High	Low	No previous audit	None
Overreliance on Electronic Communication	Low	Low	Low	Significant	Older
Records Management - Staff/Patients/Other	High	Very High	Low	Moderate	Older
Medical Records	Medium	Medium	Low	Moderate	2017
Asset register System	High	Very High	Low	No previous audit	None
Information Governance	Very High	Very High	Low	Moderate	Older
Information Security	High	Very High	Low	Moderate	Older
Technology					
HR systems - eESS	High	High	Medium	Limited	2020
Digital Health and Care	Medium	Medium	Low	Moderate	2019
Systems for Theatre Management	Medium	High	Low	Significant	Older
Mobile Devices	Very High	Very High	Low	Limited	Older
IT Project Management	High	High	Low	No previous audit	None
Contingency Planning for Systems/ Disaster Recovery	Medium	Medium	Low	Significant	Older
Patient Administration Systems	Low	Medium	Low	Significant	Older
Project/Programme risks					

Audit area	Risk assessed priority	Risk Appetite adjustment	Risk Appetite	Previous Assurance Level	Year of last audit
Sustainability and Modernisation Programme	Medium	Medium	High	No previous audit	2021
Research and Development Governance - application of policies	High	High	Medium	No previous audit	None
Project and Change Management	High	High	Medium	Moderate	Older
Post Implementation Review processes	High	High	Low	Moderate	Older
Project Appraisal	Medium	Medium	Low	Moderate	Older
New Hospital - Migration and Commissioning Plans	High	High	High	Moderate	2018
Commissioning	Medium	Medium	Medium	Significant	2018
External Contractors and Consultants	Very High	Very High	Low	No previous audit	None
SLA Processes	Very High	Very High	Medium	Moderate	Older

Orange Book Risk categories used for audit universe

Risk Category	Risk definition
Strategy	Risks arising from identifying and pursuing a strategy, which is poorly defined, is based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to a changing macro-environment (e.g. political, economic, social, technological, environment and legislative change).
Governance	Risks arising from unclear plans, priorities, authorities and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance.
Operations	Risks arising from inadequate, poorly designed or ineffective/inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.
Legal/Statutory	Risks arising from a defective transaction, a claim being made (including a defence to a claim or a counterclaim) or some other legal event occurring that results in a liability or other loss, or a failure to take appropriate measures to meet legal or regulatory requirements or to protect assets (for example, intellectual property).
Property	Risks arising from property deficiencies or poorly designed or ineffective/ inefficient safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.
Financial	Risks arising from not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.
Commercial	Risks arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and /or failure to meet business requirements/objectives.

Risk Category	Risk definition
People	Risks arising from ineffective leadership and engagement, suboptimal culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.
Technology	Risks arising from technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.
Information	Risks arising from a failure to produce robust, suitable and appropriate data/information and to exploit data/information to its full potential.
Security	Risks arising from a failure to prevent unauthorised and/or inappropriate access to the estate and information, including cyber security and non-compliance with General Data Protection Regulation requirements.
Project/ Programme risks	Risks that change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.
Reputational	Risks arising from adverse events, including ethical violations, a lack of sustainability, systemic or repeated failures or poor quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.



Dumfries and Galloway IJB

Internal Audit Joint Working and Reporting Protocol

“To ensure that the risk based audit plans for the Integration Joint Board, Local Authority and Health Board are co-ordinated to ensure proper coverage, avoid duplication of efforts and determine areas of reliance from the work of each team, it is recommended that the Chief Internal Auditors for each of the respective bodies share information, co-ordinate activities with each other and with other external providers of assurance and consulting service” Integrated Resource Advisory Group (IRAG)

INTRODUCTION

1. This document is intended to provide the protocol by which Internal Audit will conduct their work each year including planning, conducting and reporting on audit assignments. It clarifies the roles and responsibilities of all relevant parties, including the IJB Chief Internal Auditor, partner body internal audit teams and the individual designated by the Chief Accountable Officer as being responsible for liaising with Internal Audit regarding each audit assignment (hereafter referred to as the Key Contact).
2. In our integrated environment, there is a need to share internal audit outputs beyond the organisation that commissioned the work. This is particularly relevant where the output such as Internal Audit plans, audit reports, follow-up reports and the internal audit annual report and opinion is considered relevant to the IJB for assurance purposes. It is important that this sharing of information happens in a controlled manner to facilitate joint working, protect confidentiality and avoid duplication of effort.
3. This paper sets out principles in relation to the sharing of Internal Audit outputs and granting of access, in order that all parts of the system receive appropriate information on the adequacy and effectiveness of internal control within their area, including controls operated by other bodies which impact on their control environment. Throughout this paper, Audit and Risk Committee refers to the Standing Committee of the organisation charged with responsibility for audit and assurance.
4. The Chief Internal Auditor for NHS Dumfries and Galloway has been appointed to be the Chief Internal Auditor for Dumfries and Galloway Integration Joint Board.

COORDINATION AND SHARING OF AUDIT OUTPUTS

Audit Planning

5. IRAG guidance states that *‘The risk based audit plan should be developed by the Chief Internal Auditor of the Integration Joint Board and approved by the Integration Joint Board or other committee (see 2.6 Audit Committees). It is recommended that it is shared with the relevant committees of the Health Board and Local Authority.’*
6. This principle behind this aspect of the guidance is agreed and the approved IJB annual internal audit plan will be shared with the relevant committees of NHS Dumfries and Galloway and Dumfries and Galloway Council.
7. Given that the IJB is reliant on assurances provided by the parties within the partnership and also to ensure that plans can be seen to provide coverage of the whole system, the Internal Audit plans of the Health Board and Local Authority will also be presented to the IJB Audit and Risk Committee for noting. Whilst respecting the primacy of the organisation for whom each audit plan is prepared, this will also provide each Audit and Risk Committee with the opportunity to identify any relevant audits which they may wish to receive specific assurance from and to highlight any areas where they might wish to ensure that particular issues, relevant to the IJB are taken into account.

8. The Annual Internal Audit Plan details the audit work to be carried out for the financial year ahead and will be presented by the Chief Internal Auditor to the IJB Audit and Risk Committee for approval at the June meeting. Prior to finalising their audit plans, the Chief Internal Auditors of the Local Authority and Health Board will meet to ensure that the Internal Audit plans of both parties consider appropriate coverage of functions delegated to the IJB and include days to be provided to the IJB if dedicated work is required.
9. At the beginning of each audit year, and on an ongoing basis, the respective internal auditors, taking into account the views of the IJB Chief Officer, IJB Chief Finance Officer IJB Chief Internal Auditor and IJB Audit and Risk Committee, will review their audit plans to identify any audits of the parent bodies (NHS Dumfries and Galloway and Dumfries and Galloway Council) that may be of relevance to the IJB. For these audits, summaries of the final reports, or relevant issues from within those reports, will be presented to the IJB Audit and Risk Committee.
10. If, for any other completed audits, the respective Chief Internal Auditor believes there may be issues which impact on the IJB control environment, the IJB Chief Internal Auditor should be notified as soon as possible so that arrangements can be made to report the relevant findings to the IJB Audit and Risk Committee.

Planning IJB audit assignments

11. Prior to the commencement of an IJB audit, the Chief Officer and Chief Finance Officer will be contacted to ascertain the appropriate Key Contact for the review being undertaken. The Key Contact will be responsible for agreeing the key risks relevant to the audit, reviewing the Audit Scope and will later be responsible for agreeing the draft report and provision of the management responses within the management action plan.
12. The draft Audit Scope will be prepared by the IJB Chief Internal Auditor and agreed with the Chief Officer or Chief Finance Officer and the nominated Key Contact prior to the commencement of the audit.
13. The finalised Audit Scope will be issued to all relevant parties, including the Chief Officer, Chief Finance Officer and Key Contact(s). This will be issued in advance of the audit and will include the indicative timing of the audit.

Audit Assignment fieldwork

14. Audits will be conducted in accordance with the normal audit approach adopted by the allocated internal audit team; Health Board and Local Authority Internal Auditors will use their respective methodologies, both of which are compliant with Public Sector Internal Audit Standards (PSIAS). An exit meeting to discuss findings with staff including the Key Contact will be arranged prior to preparation of the draft report as required.

Audit Reports

IJB Audits

15. The Health Board report template will be used for audit reports for the IJB. Any request for changes to this format by IJB management or members will be taken into consideration and improvements made as required.
16. In the case of jointly conducted audits, relevant staff from both Internal Audit teams will liaise to compile a joint draft report. The draft will be reviewed by the Lead Chief Internal Auditor, prior to formal issue.

17. A summary final report for each audit will be presented to the IJB Audit and Risk Committee for scrutiny purposes, with a full copy made available to Committee members on request. These summary reports may also be shared with the Health Board and Local Authority as required.

NHS and Local Authority Internal Audits

18. As identified in paragraph 9 above certain audits of the parent bodies (NHS Dumfries and Galloway and Dumfries and Galloway Council) may be considered of relevance to the IJB. For these audits, summaries of the final reports, or relevant issues from within those reports, will be presented to the IJB Audit and Risk Committee to identify assurances gained from the work undertaken.
19. If, for any other completed audits, it is identified there may be issues which impact on the IJB control environment, the IJB Chief Internal Auditor will be notified so that arrangements can be made to report the relevant findings to the IJB Audit and Risk Committee.
20. The final audit reports issued shall follow the normal reporting routes established for internal audit reports within the parent bodies; this shall include being presented, in full or summary, to their respective Audit and Risk Committees. The parent body Audit and Risk Committee shall be advised if the report or any part thereof, is to be shared with the IJB Audit and Risk Committee.
21. When a final internal audit report has been identified as relevant to the IJB, the audit report shall be presented in summary at the next meeting of the IJB Audit and Risk Committee. The Chief Internal Auditor for the IJB will also provide an opinion on how this report impacts on the overall control environment of the IJB.

Annual Internal Audit reports

22. IRAG guidance states '*It is recommended that the Integration Joint Board annual internal audit report is shared with the partner Health Board and Local Authority through the reporting arrangements in those bodies for internal audit.*' The IJB Chief Internal Auditor shall prepare an IJB Internal Audit Annual Report and opinion and in accordance with IRAG guidance, it will be shared with the parent bodies and reported through their own internal audit reporting processes. Again, this principle will be extended and reciprocated so that Local Authority and Health Board Annual Internal Audit Reports are presented to the IJB Audit and Risk Committee for noting as part of the overall assurance portfolio in support of the governance statement.
23. The principal report to be produced by Internal Audit will be the Annual Internal Audit Report for each audit year. This needs be prepared in time for consideration at the September IJB Audit and Risk Committee meeting.
24. To support the IJB Annual Report and reflect that the Health Board and Local Authority annual reports are presented to their respective Audit and Risk Committees at different times, there is a requirement for the Local Authority Chief Internal Auditor to provide a Statement of Assurance to summarise the audit work undertaken within the Council audit plan and to provide confirmation that the areas covered include services delivered on behalf of the Health and Social Care Partnership and included in the plans scope of coverage. This will be provided in July each year so that it can be used for the IJB annual report.

25. This statement will also confirm that if any audits highlight issues relating to the organisations control environment that should have been brought up during the course of the year that this has been done and to summarise what these concerns may be.
26. To ensure coordination of work, a timeline for outputs during the audit year is included below to ensure that the main deliverable and their timescales have been identified.

	NHS Dumfries and Galloway	Dumfries and Galloway Council	Dumfries and Galloway Integration Joint Board
Approval of Annual Audit Plan	April	April	June
Statement of Assurance to IJB CIA	-	July	-
Annual report to Committee	June	September	September
Audit assignments and reporting	Ongoing		
Ongoing ad hoc governance advice	Ongoing		
Internal Audit progress reports to the relevant Audit and Risk Committee	Ongoing		

27. In order to facilitate the achievement of these deliverables the IJB Chief Internal Auditor will carry out the following work and arrange appropriate meetings with key individuals as detailed below.

January	
February	
March	Preparation of IJB audit plan for following year including meetings with CO and CFO NHSDG and DGC CIAs meet and discuss planning process and agree available days.
April	Approval of NHS Internal Audit Plan Approval of Council Internal Audit Plan
May	
June	Present Internal Audit Annual reports to NHS Audit and Risk Committee Approval of IJB Internal Audit Plan
July	
August	
September	Present Internal Audit Annual reports to DGC Audit, Risk and Scrutiny Committee Present Internal Audit Annual reports to IJB Audit and Risk Committee
October	
November	
December	