



Dumfries and Galloway
Integration Joint Board
Audit and Risk Committee

11th March 2021

This Report relates to
Item 6 on the Agenda

Chief Internal Auditor Quarterly Update March 2021

Paper presented by Julie Watters

For Discussion

Author:	Julie Watters, Chief Internal Auditor, Dumfries and Galloway Integration Joint Board Katy.kerr@nhs.scot
List of Background Papers:	Not required
Appendices:	Appendix 1 – Progress against 2020/21 Audit Plan – NHS Appendix 2 – Minutes – Joint Internal Audit Priorities meeting 18 Jan 2021

1. Introduction

- 1.1 The purpose of this report is to provide an update to Audit and Risk Committee on progress of delivery of Internal Audit assurances for the Integration Joint Board for 2020/21 and to highlight the assurances received from the NHS Dumfries and Galloway and Dumfries and Galloway Council audit plans as part of the IJB's overall governance and risk management processes.

2. Recommendations

2.1 The IJB Audit and Risk Committee is asked to:

- **Note this update on progress against the Internal Audit plan for 2020/21**

3. Background and Main Report

3.1 Background

- 3.2 As part of the reporting to Audit and Risk Committee, the Chief Finance Officer provides a quarterly written update to Audit and Risk Committee. The activity report provides an update on a range of technical matters. As detailed in previous reports, guidance requires the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and controls over delegated resources.

- 3.3 The approved internal audit plan for the IJB takes into consideration the fact that operational services are delivered within the Health Board and Local Authority respectively on behalf of the IJB and as such assurances are provided on these areas to their respective Audit and Risk Committees.

- 3.4 The overall objective of the audit plan is to provide assurance on the ongoing risk management, governance and assurance arrangements in the IJB. This is informed by the respective audits undertaken within each partner organisation and is enhanced with dedicated audit days being provided from both the Health Board and Council Internal Audit plans.

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

3.6 Main Report

- 3.7 The Council and Health Board have separate internal audit plans for each financial year approved through their own Audit and Risk Committees. These individual plans deliver a range of assurances within the host organisations as well as giving a specific allowance of audit days for the delivery of a piece of joint audit work. When these plans were approved for 2019/20 they provided 40 days each towards a joint audit for the IJB.

- 3.8 It was agreed at the IJB Audit and Risk Committee meeting in December 2019 that this joint work would seek to deliver assurances around the Delayed Discharge process and the draft scope of this work was discussed by the committee.
- 3.9 This work was further scoped with Audit and Risk Committee input at the March 2020 meeting. This audit, as with much of the other Health Board and Local Authority audit work, stalled as we were impacted by each organisations respective response to the Covid-19 pandemic.
- 3.10 The Internal Audit annual report for 2019/20 was presented to the IJB ARC in September 2020 and detailed the range of assurances that had been provided from the NHS and Council audit work during the year and highlighted those of specific relevance to the IJB.
- 3.11 Audit progress – Audit plans 2020/21
- 3.12 Reporting to the NHS Audit and Risk Committee on progress against the Audit Plan includes provision of copies of all reports finalised in the previous quarter being taken to committee. This information is summarised at year end within the Statement of Assurance provided within the annual report.
- 3.13 The reports within the following table have been taken to the NHS Audit and Risk Committee. Where a future date is captured the audit is included to indicate the assurance level given from the audit work undertaken, where the audit has been finalised, although this has not yet been taken through the ARC. Two audits are in the process of being reported and the assurance levels have not yet been determined. These will be reported back to this committee at the June meeting.

Table 1 – Audit reports presented to NHS Audit and Risk Committee

Audit	Assurance	To ARC
A/03/20 - Remote Working	Moderate	Oct 2020
F/01/21 - Property Transactions Monitoring	Significant	Oct 2020
FM/01/21 - Financial Governance	Significant	Jan 2021
A/07/21 - Water Quality	Significant	April 2021
A/02/21 - Board Policy Framework	tbc	April 2021
FM/01/20 - Externals – Activity monitoring	tbc	April 2021

- 3.14 Audit work from the Local Authority has included Income Management, Payments System (formerly Creditors), Payments to Outside Bodies in Communities (Anti-Poverty) and LEADER Programme Annual Review 2019-20.
- 3.15 This reporting approach aims to give an early indication of any identified issues that may be of relevance. This reporting can be adjusted to meet the requirements of IJB Audit and Risk Committee members as required.
- 3.16 The Internal Audit functions of both the NHS and Council are experiencing many challenges in progressing audit work at this time due to additional pressures on the services due to Covid -19. Audit approaches are being amended to allow for remote working. This impact was considered at the agenda setting meeting on 18th February where it was agreed that a joint audit would not be undertaken this year and that an approach to coordinate assurances from the individual audit plans would be sufficient for the 2020/21 audit year.

3.17 Audit Follow-Up Processes

3.18 Within the Health Board, all audit recommendations and subsequent actions are monitored. The following table details the status of NHS audit actions as at 6 January 2021.

Table 2 – Audit action progress by Directorate

Directorate	Total	Overdue	Open
Workforce	9	7	2
Chief Executive	15	15	0
COO/Integration	24	24	0
Finance	10	6	4
Medical	8	8	8
Nursing	29	18	11
Total	95	78	17

3.19 The position as at 6 January 2021 shows 95 open actions of which 78 (82%) are currently overdue.

3.20 Of the actions detailed above in relation to COO/Integration, these relate to the following audits.

Audit	Actions
2012 BF-15-12 Information Governance	1
2014 A-11-14 NHS Continuing Care	1
2015 A-07-15 Data Protection Act and Caldicott Guardian	1
2016 A-08-16 Patient Administration Systems	2
2017 A-05-17 Procurement	1
2019 A-04-19 IT Security	8
2019 A-05-19 Digital Health and Care Strategy	2
2019 A-08-19 Patient Access and Waiting Times	6
2019 A-10-19 Hospital Cleaning	2
Total	24

3.21 Reporting is being taken back through the NHS ARC on the actions that have been overdue for some time and may require further discussion to facilitate closure.

3.22 These figures show an improved position compared to a number of years ago and the number of overdue actions is reducing as managers engage more with the audit team and focus on managing the risk or weakness in their area.

3.23 Audit Plan 2021/22

3.24 Looking ahead to the 2021/22 Internal Audit Plan for the IJB, this needs to recognise the changing landscape across Health and Social Care as we recover from the impact of Covid. Both the NHS and Council plans for 2021/22 are being presented for approval at their respective Audit and Risk Committees in April 2021.

3.25 It was agreed at the NHS Audit and Risk Committee meeting in January 2021 that an initial 6 month plan be brought forward to allow for flexibility in the assurances required to ensure that they were focussed on priority areas in a changing environment.

3.26 An additional meeting was held in January 2021 to look at joint Internal Audit priorities moving forward in light of challenges impacting on NHS and Council services at this time. The minutes of this meeting which includes a summary of actions/next steps is attached at **Appendix 2**.

3.27 Any audit work delivered for the IJB needs to follow a risk based approach and therefore the risk register work that was being taken forward for the IJB and the Health and Social Care Partnership needs to continue so that risks to the achievement of objectives are clearly identified and articulated. This will assist in directing audit resource where assurances are most needed.

3.28 The Chief Internal Auditor is currently looking at the combined assurances that are required from Health and Council and to assist with clarity around how these can be coordinated is creating a Memorandum of Understanding (MoU) between the respective audit functions. This will cover the combined processes around the following areas:

- 2.1.1.1.1 Audit planning - annual plans
- 2.1.1.1.2 Planning - individual audit assignments
- 2.1.1.1.3 IJB specific audits
- 2.1.1.1.4 NHS and Local Authority Audits – sharing of assurances
- 2.1.1.1.5 Audit Assignment fieldwork – scope and coverage
- 2.1.1.1.6 Audit Committee reporting framework
- 2.1.1.1.7 Annual Internal Audit reports

3.29 The draft MoU will be brought back to committee in June 2021.

4. Conclusions

4.1 **The IJB Audit and Risk Committee is asked to:**

- **Note this update on progress against the Internal Audit Plan for 2020/21**

5. Resource Implications

5.1. The Internal Audit provision for the IJB for 2020/21 has been approved from the NHS and Council audit resource.

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. The IJB Risk Register needs review so that risks to the achievement of objectives are clearly identified and articulated. This will assist in directing audit resource where assurances are most needed.

8. Consultation

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

9. Equality and Human Rights Impact Assessment

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

10. Glossary

10.1 All acronyms must be set out in full the first time they appear in a paper with the acronym following in brackets.

CIA	Chief Internal Auditor
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

Action Notes from Joint Internal Audit Priorities 2021/22 meeting held on Monday 18th January 2021 from 2.30 pm to 3.30 pm via Microsoft Teams

Present

Katy Lewis	KL	Director of Finance, NHS Dumfries and Galloway/ Chief Finance Officer IJB
Marsali Caig	MC	Vice Chair of IJB Audit and Risk Committee/ Non- Executive Board Member, NHS Dumfries and Galloway
Ian Carruthers	IC	Chair of Audit and Risk Committee, IJB/Chair of Audit, Risk and Scrutiny Committee, Dumfries and Galloway Council
Laura Douglas	LD	Chair of Audit and Risk Committee, NHS Dumfries and Galloway
Jane Maitland	JM	Local Authority Elected Member, IJB
Julie Watters	JWa	Chief Internal Auditor, NHS Dumfries and Galloway/IJB
Kevin Geraghty	KG	Internal Audit Manager, Communities - Governance and Assurance, Dumfries and Galloway Council
Lesley Bass	LB	EA to Director of Finance, NHS Dumfries and Galloway (minutes)

Apologies

Julie White	JWh	Chief Operating Officer, NHS Dumfries and Galloway/ Chief Officer IJB
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1. Welcome and Introductions

KL welcome members to the meeting and introductions were made. It was noted that a number of background papers were circulated in advance of the meeting, as follows:

- Annex A - Minutes from Council Audit, Risk and Scrutiny Committee 22 Sept 2020
- Annex B – Council Audit, Risk and Scrutiny Paper – 22 Sept 2020 – Internal Audit Strategic Plan 2020-23 and Annual Plan 2020-21
- Annex C – NHS Audit and Risk Paper, 27 Jan 2020 – NHS Internal Audit Plan 2020/21
- Annex D – IJB Audit and Risk Paper, 9 March 2020 - Chief Internal Auditor Quarterly Update
- Annex E – IJB Audit and Risk Paper, 7 Sept 2020 – Internal Audit Annual Report

2. Background and Update

KL recalled that discussions had taken place in March 2020 to progress some joint audit work between NHS Dumfries and Galloway and the Council for the IJB, which included delayed discharges. Work on this subsequently ceased due to Covid-19 priorities. It was noted that this had been raised at the September 2020 meeting of the Council's Audit, Risk and Scrutiny Committee and disappointment had been expressed that there had not been an opportunity to progress this further.

KL was keen for the group to review the current audit position and challenges, and work collectively to consider solutions.

3. Status Update on Progress with Internal Audit Work for 2020/21 and Planning for 2021/2022 Internal Audit Plan

KL asked JWa and KG to provide an update on their respective 2020/21 audit plans.

a. NHS

JWa highlighted a number of areas including:

- 8-9 audits are being progressed with 2 audits at reporting stage.
- Progress has been slow due to Covid-19 priorities and demands placed on staff. Internal Audit have been trying to undertake work remotely and using shared files where possible.
- Comments on audit plan presented in January 2020 compared to where we are now given Covid-19 crisis; we may need some reflection in terms of assurances provided for year end.
- 2021/2022 Audit Plan due to be presented to NHS Audit and Risk Committee in April 2021.

b. Council

KG highlighted a number of areas including:

- Plan for 2020/21 has been cut back due to priorities. Main focus is on financial systems.
- Progress also slow with challenges in terms of engagement, demands on staff, lack of face to face contact.
- Noted that 2021/22 plan was due to be presented to the Audit, Risk and Scrutiny Committee in February, however, due to time restraints, will now be presented in April 2021.

It was noted that both teams have also undertaken additional duties/redeployment work to support the pandemic crisis during the year.

KL reflected that all parties had been disappointed that the joint audit work had not been progressed, however, acknowledged that this was understandable given the unprecedented challenges of Covid-19 over the past year.

KL added that these pressures were likely to continue for some time, therefore, we would need to consider this as part of our 2021/22 planning.

A number of areas were discussed including:

- Staffing and operational pressures across NHS and Council.
- Original intention in January 2020 to align joint audit work with Strategic Plan priorities. Noted that there had been a focus on transformation/SAM, and the delayed discharges audit had been selected to support this. Reflection that priorities and risks have likely changed over the past year due to Covid-19 and we perhaps need to consider this as part of our planning.
- Suggested that we accept constraints at current time but it was important that we do not lose sight of joint audit work further down the line (eg. Sept/Oct).
- Noted that JWa had started to collate some practical information last year and it was suggested that this collation exercise continue to gather assurances for the IJB end of year requirements and interim plan.
- Recognised that the data sharing audit/work should remain a focus. Useful to seek an update from JWa and Graham Gault re this
- JWa suggested that a 6 month audit interim audit plan for 2021/22 be devised, given ongoing pressures and uncertainties.
- It was suggested that a review of the IJB risk register be undertaken.
- In terms of future joint audit work, KG was keen to identify the key issues (ie. use problem analysis) to ensure there is focussed work on the priority areas.
- KL asked JWa and KG to explore drafting a memorandum of understanding to support the joint audit work.
- It was recognised that internal audit plans within NHS and Council now include an 'integrated package' and this will need to be taken into account in terms of resources.

4. Actions/Next Steps

The following actions/next steps were noted:

- The challenges in terms of Covid-19 impact, resources, engagement was acknowledged.
- Acknowledged that 2020/21 audit plans will not be fully realised given pressures noted.
- Agreed to feed into discussions from today's meeting into IJB Audit and Risk Committee meeting in March 2021.
- Agreed that the following updates be presented to the IJB Audit and Risk Committee meeting in March 2021:
 - Data sharing Update (paper not verbal) **Action: JWa/Graham Gault**
 - SAM/Delayed discharges Update **Action: David Rowland**
 - Draft Memorandum of understanding **Action: JWa/KG**
- JWa to suggest 6 month interim audit plan for 2021/22 (June 2021) **Action: JWa**
- Agreed that the IJB risks should be reviewed. KL will circulate. **Action: KL**
- 2020/21 assurances to be reviewed to include Covid-19 element **Action: JWa/KG**