



Dumfries and Galloway
IJB Audit and Risk Committee

17th March 2022

This Report relates to
Item 7 on the Agenda

Chief Internal Auditor Quarterly Update March 2022

Paper presented by Julie Watters

For Discussion and Noting

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List of Background Papers:	n/a
Appendices:	Appendix 1 – Progress against 2021/22 Audit Plan – NHS Appendix 2 – Audit Planning and Reporting arrangements

1. Introduction

- 1.1 The purpose of this report is to provide an update to Audit and Risk Committee (ARC) on progress of delivery of Internal Audit assurances for the Integration Joint Board for 2021/22 and to highlight relevant 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 2021/22.**

3. Background and Main Report

- 3.1 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.
- 3.2 The 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.
- 3.3 The overall objective of the audit plan is to provide assurance on the ongoing risk management, governance and control arrangements in the IJB. This is informed by the respective audits undertaken within each partner organisation and is enhanced, as required, with dedicated audit days being provided from both the Health Board and Council Internal Audit plans.
- 3.4 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.

Audit plan 2021/22

- 3.5 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 occasionally giving a specific allowance of audit days for provision of assurance in relation to the IJB and H&SCP.
- 3.6 The IJB Internal Audit annual report for 2020/21 was presented to the IJB ARC in September 2021 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.
- 3.7 At that time, Council assurances had not been finalised through appropriate routes and committees and the Council's Internal Audit Annual Report was therefore taken to the Audit, Risk and Scrutiny Committee in December 2021.

- 3.8 The NHS Audit Plan for 2021/22 was approved at the April 2021 ARC meeting. A further plan for the remainder of the year was presented to the October 2021 meeting.
- 3.9 The Council's Audit Plan for 2021/22 was approved at their Audit, Risk and Scrutiny meeting in September 2021.
- 3.10 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.
- 3.11 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. Five audits are in the process of being reported and the assurance levels are currently being 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/02/21 - Board Policy Framework	Limited	April 2021
FM/01/20 - Externals – Activity monitoring	Moderate	April 2021
H/01/21 – IT Hardware/Laptop theft	Moderate	July 2021
A/08/21 – Security	Limited	July 2021
F/02/22 – Property Transactions Monitoring	Concluded satisfactorily	Oct 2021
A/11/21 Health Inequalities	Moderate	Jan 2022

- 3.12 Audit work from the Local Authority, as reported through their Audit, Risk and Scrutiny Committee, has mainly focussed on core financial work. This is due to pressures within the team. They have recently recruited to one of two vacant posts.
- 3.13 The Internal Audit functions of both the NHS and Council continue to experience challenges in progressing audit work due to additional pressures on the services due to Covid. It is anticipated this should improve Audit approaches have being amended to allow for remote working. An approach to coordinate assurances from the individual audit plans is being taken forward for the 2021/22 audit year. This is captured later in this paper.

Audit Follow-Up Processes

- 3.14 Within the Health Board, all audit recommendations and subsequent actions are monitored. The following table details the status of NHS audit actions as at 1 March 2022.

Table 2 – Audit action progress by Directorate

Directorate	Total	Overdue	Open
Workforce	7	7	0
Chief Executive	12	12	0
COO/Integration	46	32	14
Finance	28	7	21
Medical	7	7	0
Nursing	3	3	0
Public Health	6	2	4
Total	109	70	39

- 3.15 The position as at 1 March 2022 shows 109 actions of which 70 (64%) are currently overdue.
- 3.16 Of the 46 actions detailed above in relation to COO/Integration, these relate to the following audits.

Audit	Actions
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	1
2017 A-05-17 Procurement	1
2019 A-04-19 IT Security	3
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
2021 A-07-21 Water Quality	3
2021 A-08-21 Security	13
2021 H-01-21 IT Hardware	8
2022 A-04-21 Sustainability and Modernisation Programme	5
Total	46

- 3.17 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.

Audit Planning 2022/23

- 3.18 Looking ahead, any plan for the IJB needs to recognise the changing landscape across Health and Social Care as we recover from the impact of Covid.
- 3.19 The NHS Plan for the start of 2022/23 will be taken to their Audit and Risk Committee in April 2022 and the Local Authority Plan will be taken to their July 2022 Audit Risk and Scrutiny Committee meeting.
- 3.20 Any audit work delivered within the partnership needs to follow a risk based approach and therefore the risk register work that is 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 needed most.

Joint assurances

<p>3.21</p> <p>3.22</p> <p>3.23</p> <p>3.24</p> <p>3.25</p> <p>3.26</p> <p>3.27</p>	<p>As committee are aware, the Chief Internal Auditor has been looking at the combined assurances that are required from the NHS and the Council and how outputs from audit work can be shared between the respective audit functions.</p> <p>It had been suggested that a memorandum of understanding or joint working protocol would be created.</p> <p>A 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 that time.</p> <p>A draft document was created which tried to give specific consideration to the roles of the respective (Health and Council) Audit and Risk Committees in this process to ensure that the roles and responsibilities of each committee are fulfilled and also to ensure that each committee considers their respective obligations in relation to risk and assurance.</p> <p>On reflection it has been agreed that any arrangements should not infringe on the independence of the respective Audit and Risk Committees or the Internal Audit functions and that moving forward arrangements should focus around outputs, sharing of relevant information and reporting.</p> <p>This document has been reviewed and is now focussed on the required outputs, how these should be shared and the deadlines associated with these. This covers the combined processes around the following areas:</p> <ul style="list-style-type: none"> • Audit planning - annual plans • NHS and Local Authority Audits – sharing of assurances • Audit and Risk Committee reporting framework • Annual Internal Audit reports • IJB specific audits <p>Appendix 2 details how this has been captured following a number of discussions between the Internal Audit functions.</p>
<p>4.</p> <p>4.1</p>	<p>Conclusions</p> <p>This report provides an update on progress against the plans for 2021/22 and details further work required to pull together these assurances.</p>
<p>5.</p> <p>5.1</p>	<p>Resource Implications</p> <p>The Internal Audit provision for the IJB for 2021/22 has been provided from the existing NHS and Council audit resource.</p>
<p>6.</p> <p>6.1</p>	<p>Impact on Integration Joint Board Outcomes, Priorities and Policy</p> <p>Internal Audit is a key element of the delivery of independent assurances around the achievement of the IJB’s objectives.</p>
<p>7.</p> <p>7.1</p>	<p>Legal and Risk Implications</p> <p>The IJB Risk Register requires continual 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.</p>

8. Consultation

8.1 This paper, as a summary of the overall audit approach, has been discussed with the Audit Manager at Dumfries and Galloway Council.

9. Equality and Human Rights Impact Assessment

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

10. Glossary

10.1 The following table details the abbreviations and associated terms encountered throughout this report and guidance referred to.

ARC	Audit and Risk Committee
DGC	Dumfries and Galloway Council
EQIA	Equalities Impact Assessment
H&SCP	Health and Social Care Partnership
IJB	Integration Joint Board
NHS D&G	NHS Dumfries and Galloway

Progress against 2021/22 Audit Plan - NHS

Audit	Audit Subject	Days	Status	Recs	Assurance	To Audit and Risk Committee	Comments
A-05-20	Pre-employment checking	20	Defer				Rescoped due to revised processes (A/07/22)
A-01-21	Governance Blueprint	25	Debrief	16	Moderate		Scoping stage
A-03-21	Performance Reporting	25	Debrief	6	Moderate		At debrief stage
A-04-21	Sustainability and Modernisation	30	Final	6	Significant		
A-05-21	Communications	25	Prelim	6	Moderate		Awaiting management response
A-06-21	Safer Staffing Bill	25	Defer				Deferred
A-10-21	Ward level controls	25	Debrief	12	Moderate		At debrief stage
A-11-21	Health Inequalities	25	Final	6	Moderate	Jan 2022	
F-01-22	Property Transactions	25	Final	-	-	Oct 20	
A/01/22	Environmental Strategy	25	WIP				Scoped and systems review progressing
A/02/22	Emergency Planning and Response	25	WIP				Scoped and systems review progressing
A/03/22	Central Sterile Services Department	20	WIP				Nearing reporting stage
A/04/22	Covid Vaccinations	25	Debrief				At debrief stage
A/05/22	Waiting Lists	25					
A/06/22	DPA/GDPR	25	WIP				Scoped and systems review progressing
A/07/22	Pre-employment screening (deferred)	20	WIP				At scoping stage
TS/12/22	Cash Controls/Petty Cash	20					
TS/10/22	Payments to staff	25					
IJB-01-21	Joint audit assurance	40					



Dumfries and Galloway Integration Joint Board

Planning and Reporting Arrangements for NHS Dumfries and Galloway and Dumfries and Galloway Council Internal Audit functions



AIMS

1. This document captures the arrangements by which the Internal Audit teams of NHS Dumfries and Galloway (NHSD&G) and Dumfries and Galloway Council (DGC) will plan, carry out and report on audit work and share relevant information. It clarifies the roles and responsibilities of the IJB Chief Internal Auditor and the partner body internal audit teams in line with IRAG guidance below.

“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

2. In our integrated environment, there is a need to share internal audit outputs beyond the partner organisation. This is particularly relevant where 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 an pre-agreed manner to facilitate joint working, protect confidentiality and avoid duplication of effort.

3. This paper sets out principles in relation to the sharing of relevant outputs in order that all parts of the wider 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 within the IJB or partner organisation charged with responsibility for audit and assurance.
4. The Chief Internal Auditor for NHS Dumfries and Galloway has been appointed as the Chief Internal Auditor for Dumfries and Galloway Integration Joint Board.

COORDINATION AND SHARING OF AUDIT OUTPUTS

5. For the purposes of this document the stages identified where coordination and discussion is required are audit planning, sharing of information and audit reporting.

Audit Planning

6. The IJB is reliant on assurances provided by the parties within the partnership to ensure that audit plans are based on a risk assessment of the whole system.
7. The Heads of Audit will discuss the requirements of the Health Board, Local Authority and IJB at an early stage in the planning process to ensure that all plans consider the areas of service delivery that are part of integration and delivered through the Health and Social Care Partnership.
8. The IJB Annual Internal Audit Plan will detail the assurances that will be provided 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 September meeting each year. At the planning stage for each audit year, the Chief Internal Auditors of the Local Authority and Health Board will meet to ensure that their respective planning processes give consideration to the functions delegated to the IJB.
9. If there are resource implications to the respective audit functions the approved IJB annual internal audit plan may be shared with the relevant committees of NHS Dumfries and Galloway and Dumfries and Galloway Council to capture the resources that are being contributed by each partner body within the plan.

Sharing - Audit work

10. Audits will be conducted in accordance with the required audit approach adopted by each 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).
11. Throughout the year the respective internal auditors, will review their completed audits to identify where there may be issues which affect the IJBs control environment. In such cases, 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.

Reporting - NHS and Local Authority Internal Audits

12. The final audit reports issued shall follow the normal reporting routes established for internal audit reports within the partner bodies; this shall include being presented, in full or summary, to their respective Audit and Risk Committees. The partner 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.
13. If an internal audit report has been identified as relevant to the IJB, the audit report shall be presented at the next meeting of the IJB Audit and Risk Committee. The Chief Internal Auditor for the IJB is responsible for providing an opinion on how a partner body internal audit report impacts on the overall control environment of the IJB.

Reporting - Annual Internal Audit reports

14. The IJB Chief Internal Auditor shall prepare an IJB Internal Audit Annual Report and opinion in accordance with IRAG guidance which may be shared with the parent bodies and reported through their own internal audit reporting processes if this has captured any additional issues that are worth reporting.
15. This process reflects the fact that the IJB Audit and Risk Committee is comprised of Elected Members of the Council and Non-Executive Members from the NHS who are board members of the IJB. They will therefore have access to the IJB annual report and are therefore sighted on issues that may require to be taken back to their respective organisations.
16. The Annual Internal Audit Report for each audit year needs to be prepared in time for consideration at the September IJB Audit and Risk Committee meeting.
17. 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.
18. 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, it has been agreed the Local Authority Chief Internal Auditor will provide an annual "letter of comfort" to the IJB Chief Internal Auditor. This will summarise the audit work undertaken within the Council audit plan and provide confirmation that the areas covered include services delivered on behalf of the Health and Social Care Partnership which continue to be included in individual audit plans as applicable. This will be provided by the end of July each year so that it can be used for the IJB annual report.
19. This letter will also confirm that if any audits have highlighted issues relating to the IJBs control environment these have been disclosed.
20. To ensure coordination of work, a timeline for outputs during the audit year is summarised 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	June	September
“Letter of comfort” to IJB CIA	-	July	-
Annual report to Audit and Risk Committee	June	June	September
Audit work and reporting	Ongoing		
Ad hoc governance advice	Ongoing		
Progress reports to the relevant Audit and Risk Committee	Ongoing		

21. The diagram below summarises the arrangements covered in this document.



