



Integration Joint Board
Audit, Risk and Governance Committee

17th September 2024

This Report relates to
Item 5 on the Agenda

Internal Audit Annual Report 2023/24

Paper presented by Julie Watters

For Discussion and Noting

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List of Background Papers	n/a
Appendices	No appendices to this paper

1.1 The purpose of this report is to update Audit, Risk and Governance Committee on Internal Audit assurances for the Integration Joint Board (IJB) for the year 2023/24.

2. Recommendations

2.1 **The IJB Audit, Risk and Governance Committee is asked to:**

- **note the contents of this report which summarises the work undertaken by Internal Audit during 2023/24 and provides the Chief Internal Auditor's opinion on the internal control environment within the Integration Joint Board for the financial year 2023/24.**

3. Background and Main Report

3.1 The Scottish Government Integrated Resources Advisory Group (IRAG) issued "Guidance for Integrated Financial Assurance" in support of the Public Bodies (Joint Working) (Scotland) Act 2014.

3.2 The guidance requires the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and control of the delegated resources. The guidance further states that the IJB has a responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. The role of Internal Audit is to provide independent assurances and support the assurances that are delivered by management and support functions on the governance framework across the IJB through the Health and Social Care Partnership (H&SCP).

3.3 Internal Audit is required to provide an annual assurance statement to inform on the overall adequacy and effectiveness of the framework of governance, risk management and control and the preparation of the governance statement.

Audit Plan – Delivery of assurances

3.4 Audit assurances to the IJB are not delivered in isolation and the internal audit functions of both NHS Dumfries and Galloway and Dumfries and Galloway Council deliver assurances to their respective organisations that should also be considered by the IJB where relevant.

3.5 There is a very clear distinction between the IJB and the H&SCP and their respective assurance needs.

3.6 The internal audit plan, as in previous years takes into consideration the operational delivery of services within the Health Board and Local Authority as part of the Health and Social Care Partnership, as directed by the IJB. The annual report relies on the assurances delivered by the separate internal audit plans completed during each year.

3.7 Although no IJB specific internal audit reviews were planned during the course of the year, audit work carried out within each of the host organisations has been considered in preparing this annual report.

3.8 Consideration of these assurances was been undertaken to provide an annual assurance statement which considers the whole control environment in which the

IJB operates and this annual report to the IJB provides an opinion on the IJB's internal control framework for the financial year 2023/24.

NHS Dumfries and Galloway – Assurances considered

- 3.9 The Chief Internal Auditor for NHS Dumfries and Galloway also undertakes the role for the Integration Joint Board.
- 3.10 During 2023/24 the NHS Internal Audit function reported on a range of audits, many of which have also been considered in forming an overall opinion on the control environment of the IJB.
- 3.11 A number of these audits give an indication on the control environment within the IJB to some extent given that many staff and processes that sit within the NHS are delivering on the objectives of the Health and Social Care Partnership, however some will have more relevance than others.
- 3.12 Health Board assurances were reported in the Internal Audit Annual Report to the Audit and Risk Committee in June 2024. This report gave an update on the completion of the audit plan for 2023/24 and summarised the range of assurances that were given from the audit work undertaken during the year.
- 3.13 In addition, the Health Board has a structured process for preparing the Governance Statement, which collates required assurances from across the relevant areas of the board. This statement has been reviewed in full along with supporting evidence as part of NHS reporting requirements.
- 3.14 The Statement is a similar format to previous years covering the main governance areas and identifies one disclosure in relation to the recent cyber-attack on the Board.
- 3.15 The NHS Audit and Risk Committee prepares an annual report summarising business covered during the financial year. This is supplemented by a self-assessment undertaken by the committee and forms a view on the information that the committee feels is relevant for consideration on completing the Board's Governance Statement. This was completed for 2023/24 and taken to the committee meeting on 29th April 2024.

Dumfries and Galloway Council – Assurances considered

- 3.16 The Chief Internal Auditor of the IJB has met with the Internal Audit Manager of Dumfries and Galloway Council on many occasions during the year and discussed assurances that can be gained from work they have undertaken that could be relevant to the IJB. Whether or not audits are directly IJB related, audit work undertaken by DGC should be considered as this provides assurances over the control framework of the Council and should be considered where these areas come under the remit of the IJB and H&SCP either partly or indirectly.
- 3.17 The Annual Report of the Council's Internal Audit Manager, which includes his Controls Assurance Statement, was taken to the Council's Audit Risk and Scrutiny Committee meeting on 13th June 2024. This report details the audit work undertaken in addition to historic core financial assurance work and further developments around the audit plan and includes the Annual Controls Assurance Statement as required under Local Authority guidelines.

- 3.18 There have been a number of discussions between the NHS and Council Heads of Audit regarding how to coordinate assurances that are relevant to the IJB and a document detailing the Audit Planning and Reporting arrangements was created and taken to the March 2022 IJB Audit and Risk Committee meeting.
- 3.19 In addition to the annual report, the Council's Internal Audit Manager has provided a report on work undertaken within the Council, which confirmed that no issues of concern have been raised from audit work undertaken in relation to the operational activities relevant to the IJB. This report further identified the two reports which have been taken to the IJB's Audit, Risk and Governance Committee for assurance during the year in relation to payments for residential care and a review of Direct Payments
- 3.20 The Council's annual Governance Statement has also been considered to understand where assurances are given relating to integration and joint working. In previous years, the statement has made specific reference to strengthening Elected Members' and Officers' understanding of IJB governance arrangements and roles and responsibilities. The Governance Statement details some areas of better governance practice and areas for improvement against the seven governance principles.
- 3.21 Similar to the NHS processes, the Council's Audit Risk and Scrutiny Committee prepares an annual report covering each calendar year. The report for 2023 was taken to their committee meeting in February 2024.

Assurances specific to the Integration Joint Board

- 3.22 Over the years there have been a number of meetings between the Chair of the IJB Audit and Risk Committee, the Chief Finance Officer and the Chief Internal Auditors of both the Council and the NHS Board to refine the process for sharing assurances and understand the relationship between the control environments of the respective host organisations and the overall assurance framework within the Partnership and IJB and to understand the inter-relationships between the NHS, Council and IJB committees.
- 3.23 A specific Joint Internal Audit Priorities meeting took place in January 2021 where it was agreed that a joint working protocol would be created. As mentioned above this has been completed giving consideration to each Internal Audit function's obligations to their respective organisations and differing reporting obligations and timescales between Local Authorities and Health Boards. It is important that this fully reflects the responsibilities that sit within the partner organisations and does not dilute the assurance expectations within the NHS and Local Authority. This was taken to the IJB Audit and Risk Committee in March 2022.
- 3.24 Previously, during 2016/17, one audit was undertaken which was specific to the IJB - IJB/01/17 IJB Governance Arrangements. This audit gave a Moderate level of assurance and had 9 recommendations. Of the 9 recommendations made, 8 have formally been closed off with 1 remaining outstanding. The table below details the Management Action Plan from this audit detailing the background to this action.

Audit Findings and Recommendations			Management Response
No	Key Risk / Control weakness	Recommendation	Management Action
9	<p>Finding Group: Risk Management</p> <p>Finding Type: Monitoring</p> <p>There is a risk that risk management monitoring arrangements are not</p>	<p>Grade – C</p> <p>It must be ensured that the risk management monitoring arrangements stipulated</p>	<p>Paper to be presented to IJB Audit and Risk Committee in September (2017) providing information on corporate risk register and ongoing plans to develop risk.</p>

	<p>actioned as described by the Risk Management Strategy. This arises following a discrepancy in what has been set out and that discussed at H&SCSMT for exception reporting.</p>	<p>by the Risk Management Strategy are implemented as described or the necessary amendments made to reflect how assurances are intended to be delivered in practice.</p>	<p>Evidence required: We need confirmation and evidence that the Risk Management processes detailed within the Risk Strategy are being followed. This is not currently in place</p> <p>Manager Responsible Maureen Stevenson/ Richard Fox (reassigned to Katy Kerr)</p> <p>Target Date 31st December 2017</p>
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- 3.25 This action, relates to the risk management strategy for the IJB and its implementation. Audit, Risk and Governance Committee are fully sighted on the progress surrounding risk management at this time and risk remains an active agenda item moving forward, however this now needs to become an area that informs all other processes as the previous strategy is aspirational and at danger of being disconnected from other processes.
- 3.26 The Governance Statement for the IJB has been considered. This details the business of the IJB and its committees during the course of the year, highlighting some of the recent work undertaken to review the governance framework, and the revised structure of the various committees supporting the IJB.
- 3.27 The Governance Statement captures the significant financial challenges, specifically within the NHS and the challenges associated with the imbalance between demand and capacity in the care at home market and their impact on management of delayed discharges.

4. Conclusions

- 4.1 Based on our work throughout the year, Internal Audit have concluded that there were adequate and effective internal controls in place throughout the year, and that the Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role.
- 4.2 The 2023/24 Internal Audit plan and associated work has been delivered in line with the Public Sector Internal Audit Standards.

5. Resource Implications

- 5.1 In order to provide a coordinated views on integrated resources there is an impact on resources from within the Health and Local Authority internal audit functions. This resources helps to deliver on joint assurances for the IJB.

6. Impact on Integration Joint Board Outcomes, Priorities and Policy

- 6.1 Internal Audit is a key element of the delivery of independent assurance around the achievement of the IJB's objectives and risks which may prevent achieving these.

7. Legal and Risk Implications

7.1 There are a number of limitations to any audit plan delivered in that the risk register for the IJB which should be used to inform the plan is under review. This is an area that is being enhanced for the future.

8. Consultation

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

8.2 The Audit Manager in Dumfries and Galloway Council has been consulted around the approach to planning and the content of this report.

9. Equality Impact Assessment

9.1 The Equality Framework within NHS D&G and across the wider partnership 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.

Abbreviation	Term
D&GC	Dumfries and Galloway Council
H&SCP	Health and Social Care Partnership
IJB	Integration Joint Board
IRAG	Integrated Resources Advisory Group
NHS D&G	NHS Dumfries and Galloway
PSIAS	Public Sector Internal Audit Standards