



Integration Joint Board  
Audit, Risk and Governance Committee

16<sup>th</sup> September 2025

This Report relates to  
Item 7 on the Agenda

# Internal Audit Annual Report 2024 / 2025

*Paper presented by Julie Watters*

*For Discussion and Noting*

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<b>List of Background Papers</b>	n/a
<b>Appendices</b>	<b>Appendix 1</b> – Internal Audit Assurance NHS D&G <b>Appendix 2</b> – Internal Audit Assurance DGC

## **1. Introduction**

- 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 2024/25.

## **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 2024/25 and provides the Chief Internal Auditor's opinion on the internal control environment within the Integration Joint Board for the financial year 2024/25.**

## **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 The Integration Joint Board is further required to comply with 7(1) of the Local Authority Accounts (Scotland) Regulations 2014 which require "a local authority" to operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.

- 3.4 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**

- 3.5 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.

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

- 3.7 The Chief Internal Auditor for NHS Dumfries and Galloway also undertakes the role of Chief Internal Auditor for the Integration Joint Board (IJB). This ensures continuity and alignment in the assurance processes across both organisations, particularly in areas where systems, processes, and staffing are shared through the Health and Social Care Partnership.

- 3.8 This is further supported by regular communication and discussion with the

## Internal Audit Manager of Dumfries and Galloway Council

- 3.9 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.
- 3.10 Although no IJB specific internal audit reviews were undertaken during the year, audit work carried out within each of the host organisations has been considered in preparing this annual report.
- 3.11 Consideration of these assurances has 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 2024/25.

### **NHS Dumfries and Galloway – Assurances considered**

- 3.12 During 2024/25 the NHS Internal Audit function reported on a range of audits, several of which have relevance to the IJB. These audits were considered in forming an overall opinion on the control environment within the IJB, recognising that many of the operational activities and staff delivering IJB objectives are embedded within NHS Dumfries and Galloway.
- 3.13 While not all audits directly relate to the IJB, those concerning Recruitment, Residences, Patient Information, and the Alcohol and Drug Partnership provide indirect assurance within the IJB's broader assurance framework.
- 3.14 The NHS Internal Audit Annual Report was presented to the Audit and Risk Committee in June 2025. It provided a comprehensive update on the delivery of the 2024/25 audit plan and summarised the assurance levels arising from the audit work. The overall opinion offered by the Chief Internal Auditor was one of moderate assurance over the control environment, governance, and risk management arrangements. This reflects a generally sound system of internal control, albeit with areas requiring improvement, particularly those identified through limited assurance audits. A summary of assurances has been provided in **Appendix 1**.
- 3.15 In addition to the audit work, the Health Board follows a structured process for preparing its Governance Statement. This includes collating assurance from across the organisation and reviewing supporting evidence. The Governance Statement for 2024/25 was consistent with previous years in format and scope and included two key disclosures: one relating to the cyber-attack experienced by the Board, and another concerning ongoing financial challenges. Internal Audit confirmed that the content of the statement was consistent with the findings from audit work undertaken during the year.
- 3.16 The NHS Audit and Risk Committee also prepares an annual report summarising the business conducted during the financial year. This is supplemented by a self-assessment exercise, which helps the committee reflect on the quality and relevance of the information it receives and supports the preparation of the Governance Statement. The self-assessment for 2024/25 was completed and considered at the Committee's meeting on 29 April 2025.

## **Dumfries and Galloway Council – Assurances considered**

- 3.17 The Chief Internal Auditor of the IJB regularly meets with the Internal Audit Manager of Dumfries and Galloway Council to discuss assurances that can be gained from work they have undertaken that could be relevant to the IJB. These discussions ensure that audit work undertaken by the Council, whether directly related to the IJB or not, is appropriately considered in the context of the IJB's assurance framework. Given the integrated nature of service delivery through the Health and Social Care Partnership (H&SCP), Council audit findings often provide valuable insight into the control environment affecting IJB operations, either in part or indirectly.
- 3.18 The Council's Internal Audit Annual Report, including the Controls Assurance Statement, was presented to the Audit, Risk and Scrutiny Committee on 12 June 2025. This report summarises 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.
- 3.19 Coordination between NHS and Council audit functions has continued, with ongoing dialogue between the respective Heads of Audit to align assurance processes relevant to the IJB. A joint protocol outlining audit planning and reporting arrangements was previously developed and presented to the IJB Audit and Risk Committee in March 2022, supporting a more integrated approach to assurance.
- 3.20 In addition to the annual report, the Council's Internal Audit Manager provided a specific update on audit work undertaken within the Council that is relevant to the IJB (**Appendix 2**). This included confirmation that no significant concerns had been raised in relation to operational activities under the IJB's remit. Two audit reports were highlighted as particularly relevant: one concerning Care and Support at Home which came to this committee in September 2024 and another in relation to Assessed Care Needs which went to Council's Audit, Risk and Scrutiny Committee in June 2025. This will be brought to the next meeting of this committee in November.
- 3.21 The Council's Annual Governance Statement 2024/25 has also been reviewed to identify assurances relating to integration and joint working. The statement recognises the IJB's governance arrangements and confirms alignment with statutory requirements and partnership principles. The IJB should continue to consider these assurances as part of its own governance and risk management framework.
- 3.22 In line with NHS processes, the Council's Audit, Risk and Scrutiny Committee prepares an annual report summarising its activities. The report for the 2024/25 was considered at the Committee's meeting in April 2025 detailing that the Committee considered a wide range of reports during the year, including the Internal Audit Annual Assurance Statement, updates on the Internal Audit Plan, external audit findings, and the Annual Governance Statement. These activities contribute to the overall assurance framework supporting the IJB.

## **Assurances specific to the Integration Joint Board**

- 3.23 In previous years there have been a number of meetings between the Chairs of the IJB, NHS and Council Audit and Risk Committees, the Chief Finance Officer, and the Chief Internal Auditors of both the Council and the NHS Board. These meetings aimed 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. These meetings should be reinstated especially as committee membership and chair roles have changed in recent years.
- 3.24 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 considers 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 protocol continues to reflect 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.
- 3.25 Previously, during 2016/17, an audit was undertaken which was specific to the IJB - IJB/01/17 IJB Governance Arrangements. This audit gave a Moderate level of assurance and had 9 recommendations. Of the 9 recommendations made, 8 have formally been closed off with 1 remaining outstanding. The table below details the Management Action Plan from this audit detailing the background to this action.

Audit Findings and Recommendations		Management Response
No	Key Risk / Control weakness	Recommendation
9	<p><b>Finding Group: Risk Management</b>  <b>Finding Type: Monitoring</b></p> <p>There is a risk that risk management monitoring arrangements are not actioned as described by the Risk Management Strategy. This arises following a discrepancy in what has been set out and that discussed at H&amp;SCSMT for exception reporting.</p>	<p><b>Grade – C</b></p> <p>It must be ensured that the risk management monitoring arrangements stipulated by the Risk Management Strategy are implemented as described or the necessary amendments made to reflect how assurances are intended to be delivered in practice.</p> <p><b>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.</b></p> <p><b><u>Evidence required:</u></b>  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><b><u>Manager Responsible</u></b>  Maureen Stevenson/ Richard Fox (reassigned to Katy Kerr)</p> <p><b><u>Target Date</u></b>  31st December 2017</p>

- 3.26 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. In terms of progress the IJB Risk Management Strategy has been updated, however how monitoring arrangements are in practice versus what is captured in the strategy needs to be confirmed in order to be able to close this action.
- 3.27 The IJB currently has three risks which were recognised a number of years ago.

There are further risks which should be captured to reflect concerns that are raised in the IJB meetings and those of its committees that require to be overtly managed.

- 3.28 The Governance Statement for the Integration Joint Board (IJB) for 2024/25 has been reviewed as part of the annual assurance process. It outlines the business of the IJB and its supporting committees over the course of the year, including developments in the governance framework and the revised committee structure. The statement reflects the continued evolution of governance arrangements, including updates to the Strategic Planning Group and the appointment of a new Chair, and highlights the IJB's commitment to sound governance and effective service delivery.
- 3.29 The statement appropriately acknowledges the significant financial challenges faced by the IJB, particularly those arising within NHS Dumfries and Galloway, and the ongoing imbalance between demand and capacity in the care at home market. These pressures have had a direct impact on the management of delayed discharges and continue to present risks to the delivery of strategic objectives. The Governance Statement also references the work undertaken to update the Corporate Risk Register and the assurance processes supporting the Chief Officer's responsibilities.
- 3.30 While the Governance Statement provides a broad overview of the IJB's governance arrangements and includes contributions from both NHS Dumfries and Galloway and Dumfries and Galloway Council, it is noted that the timeline for its development and consultation may have limited the opportunity for wider engagement and scrutiny. Changes in key personnel across the IJB and the Health and Social Care Partnership have also affected the continuity of some assurance inputs. As such, while the assurances presented are broadly consistent with those received in previous years, further consideration may be required to ensure the statement fully reflects the evolving governance landscape and operational challenges.
- 3.31 It is recommended that the process for preparing the Governance Statement be reviewed to ensure it is sufficiently robust, begins earlier in the reporting cycle, and allows for broader consultation. Strengthening this process will help ensure the statement adds meaningful value to the IJB's overall governance framework and supports transparency, accountability, and continuous improvement. Internal Audit will continue to support the IJB in enhancing its assurance processes and promoting good governance practice.

#### **4. Conclusions**

- 4.1 Based on the work undertaken throughout 2024/25, Internal Audit concludes that there were generally adequate and effective internal controls in place across the Integration Joint Board (IJB). The Accountable Officer has implemented a governance framework that aligns with required guidance and is sufficient to discharge the responsibilities of the role. However, it is recognised that the governance environment continues to evolve, and there remain areas where further development is required to strengthen assurance and oversight.
- 4.2 Assurances have been drawn from both NHS Dumfries and Galloway and Dumfries and Galloway Council, whose internal audit functions provide valuable insight into the control environment supporting the IJB. While no IJB-specific audits

were undertaken during the year, relevant audit work from both partner organisations has been considered in forming the overall opinion. The coordination of assurance remains essential, and opportunities exist to further enhance joint working arrangements, particularly in light of changes to committee membership and leadership roles.

4.3 The Governance Statement for 2024/25 has been reviewed and reflects the IJB's commitment to sound governance. However, the process for its development would benefit from earlier initiation and broader consultation to ensure it fully captures the complexities and challenges faced by the IJB. Internal Audit will continue to support improvements in this area, promoting transparency and ensuring the statement adds meaningful value to the IJB's governance framework.

4.4 Internal Audit work during the year was delivered in accordance with the Public Sector Internal Audit Standards (PSIAS). From 1 April 2025, the function will transition to the Global Internal Audit Standards (GIAS) and the UK Public Sector Application Note. This shift presents an opportunity to further enhance audit methodology and reporting, with a greater emphasis on organisational impact, value creation, and risk exposure. Internal Audit remains committed to supporting the IJB in achieving its strategic objectives through the provision of independent and objective assurance and advice.

## **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 resource 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 The provision of Internal Audit is compliant with:

- The Integrated Resource Advisory Group guidance in relation to audit provision.
- The Local Authority Accounts (Scotland) Regulations 2014

7.2 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 planning approach 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. Consumer Duty**

10.1 This is not applicable to this report.

**11. Glossary**

<b>Abbreviation</b>	<b>Term</b>
D&GC	Dumfries and Galloway Council
GIAS	Global Internal Audit Standards
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