

REPORT TO: PERFORMANCE AND AUDIT COMMITTEE –26 MAY 2021

REPORT ON: INTERNAL AUDIT ANNUAL PLAN 2021/22

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: PAC16-2021

1.0 PURPOSE OF REPORT

1.1 The purpose of this paper is to seek approval of the Annual Internal Audit Plan for Dundee Integration Joint Board (IJB) for 2021/22 and to agree the appointment of the Chief Internal Auditor.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Performance and Audit Committee (PAC):

- Agrees to the continuation of Fife, Tayside and Forth Valley Audit and Management Services (FTF) as the IJB's lead internal auditors and therefore taking the role of Chief Internal Auditor.
- Approves the 2021/22 Annual Plan as set out in Appendix 1.
- **Notes that no updates are required to the Internal Audit Charter**

3.0 FINANCIAL IMPLICATIONS

3.1 None.

4.0 MAIN TEXT

4.1 The Scottish Government issued Finance Guidance for Integration Joint Boards (IJB) via the Integrated Resources Advisory Group (IRAG). That guidance states: *'It is the responsibility of the Integration Joint Board to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. This will include determining who will provide the internal audit service for the Integration Joint Board and nominating a Chief Internal Auditor.'* Following a meeting of Dundee IJB in May 2016, FTF were appointed as the IJB's Internal Audit Service. Discussions have taken place between the Chief Internal Auditor, the Head of Internal Audit, Dundee City Council and the Chief Finance Officer and it is proposed to continue these arrangements with both Dundee City Council Internal Audit services and FTF continuing to provide resources under the terms of the joint working arrangements already in place. The Chief Internal Auditor role would continue to be provided by FTF.

4.2 **At its meeting in September 2020, the Performance and Audit Committee agreed that future changes to the Internal Audit Charter would be approved as part of the Integration Joint Boards Annual Internal Audit Plan. No updates to the Charter are required at this point.**

4.2 The audit plan is designed to provide the Chief Internal Auditor with sufficient evidence to form an opinion on the adequacy and effectiveness of internal controls. It therefore includes the delivery of standard products required each year, and is further based on professional

judgement of the IJB's risk environment. In addition, account is taken of assurance which can be provided to the IJB based on work performed under the Internal Audit plans of both parties.

- 4.3 Internal Audit have reviewed the extant strategic risks of the organisation, several of which have been the subject of previous audit coverage. Discussions between the Chief Finance Officer and Internal Audit have taken place to ensure the substantive audit assignments in 2021/22 add maximum value. This process identified a review on the strategic risk in relation to the viability of external providers. The risk factors set out in the risk register include financial sustainability / potential collapse of key providers leading to difficulty in ensuring short / medium term service provision, inability to source essential services and the impact of reduction in the quality of service. The risk is currently rated as "Extreme" under the risk matrix.
- 4.4 Following the amendment of the Civil Contingencies Act 2004 with effect from March 2021, Integration Joint Boards have been added to the list of Category 1 responders. Several areas for further development to meet the requirements of the Act have been identified by Dundee IJB. It is intended to include a review of this as part of the 2021/22 Plan.
- 4.5 Internal Audit time has been included under Governance & Assurance to assist the organisation and provide advice on the upcoming review and update of the Integration Scheme and the impact on governance arrangements.
- 4.6 Resources to deliver the plan will be provided by the NHS Tayside and Dundee City Council Internal Audit services. Overall 40 days have been allocated in the 2021/22 Internal Audit Plan. Internal Audit would highlight that the plan is predicated on the basis that operational controls over services are maintained and assured through the partners. An Internal Audit Joint Working Protocol has been agreed as has a Protocol for sharing Internal Audit Outputs, of which only limited use has been made to date. Audit Committee members are asked to note that relevant audits will be shared under the output sharing protocol which will provide additional assurance to the IJB.
- 4.7 In order to ensure a timely flow of assurance, Internal Audit is committed to ensuring that internal audit assignments are reported to the target audit committee date as noted in the proposed plan below.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. There are no major issues.

6.0 RISK ASSESSMENT

- 6.1 This report has not been subject to a risk assessment as it relates to the development of an annual audit plan which aligns with the organisation's risks.

7.0 CONSULTATIONS

- 7.1 The Chief Officer and the Chief Internal Auditor were consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

- 8.1 None.

Dave Berry
Chief Finance Officer

DATE: 30 April 2021

The proposed plan is set out below:

| Ref | Audit | Indicative Scope | Days | Target Audit Committee |
|---------------|--|--|-------------|-------------------------------|
| D01-21 | Audit Planning | Agreeing audit universe and preparation of strategic plan | 3 | May 2021 |
| D02-21 | Audit Management | Liaison with management and attendance at Audit Committee | 5 | N/A |
| D03-21 | Annual Internal Audit Report (2020/21) | CIA's annual assurance statement to the IJB and review of governance self-assessment | 7 | June 2021 (IJB) |
| D04-21 | Governance & Assurance | Ongoing, independent review and advice of the Integration Scheme update and provide formal assurance on the final product. | 5 | N/A- Year end report |
| D05-21 | Viability of External Providers | <p>Review the controls established to manage Strategic Risk HSCP00d1.</p> <p>A review of the IJB's approach to continually assess the viability of its contracted social care providers as essential partners in delivering health and social care services and the priorities set out in the IJB's Strategic and Commissioning Plan.</p> <p>The review will consider the steps taken to engage with providers around the IJB's strategic direction and how the IJB provides ongoing support to them, including the process invoked should there be concerns over financial or operational sustainability.</p> | 10 | November 2021 |
| D06-21 | Category 1 responders | Review the necessary arrangements in place to meet the requirements of the Act as well as alignment and coordination with partners | 10 | February 2022 |