

## ANGUS COUNCIL

## SCRUTINY AND AUDIT COMMITTEE – 23 JANUARY 2018

## ANGUS INTEGRATION JOINT BOARD – SHARING OF AUDIT OUTPUT PROTOCOL

## REPORT BY VICKY IRONS, CHIEF OFFICER, ANGUS HEALTH &amp; SOCIAL CARE PARTNERSHIP

## ABSTRACT

The purpose of this report is to seek approval of a Protocol in respect of the sharing of audit outputs in relation to the Angus Integration Joint Board.

**1. RECOMMENDATION**

The Committee is asked to approve the Sharing of Audit Outputs Protocol annexed as Appendix 1 to this report.

**2. BACKGROUND**

- 2.1 Angus Integration Joint Board (“the IJB”) was established on 3 October 2015 by Order of the Scottish Ministers in terms of the Public Bodies (Joint Working)(Scotland) Act 2014. This followed the approval by the Scottish Ministers of the Integration Scheme between Angus Council and NHS Tayside in respect of the constitutional, strategic and operational arrangements of the IJB and its relationship with Angus Council and NHS Tayside.
- 2.2 In terms of the above Act (and associated legislation) and the Integrations Scheme, the Council and NHS Tayside are legally required to delegate certain statutory functions in relation to health and social care to the IJB. The IJB, in turn, are legally required to direct either NHS Tayside or Angus Council to perform those statutory functions in accordance with its requirements (and, most notably, the IJB’s Strategic Plan). In addition, the Council are required to provide funding to the IJB in respect of the performance of those services that it has delegated to the IJB and receives funding from the IJB in respect of the functions it is directed by the IJB to perform.
- 2.3 Notwithstanding that the Council has delegated many of its social care functions to the IJB, the Council retains a significant number of governance responsibilities in relation to the IJB that relate to the Councils own internal governance arrangements. These include:
- ensuring that the functions the Council is required to perform on behalf of the IJB are performed effectively, efficiently and economically and to the required professional standard
  - ensuring that the Council and NHS Tayside comply with the obligations incumbent upon them in terms of the Integration Scheme and the Act
  - Following the Public Pound and ensuring Best Value in relation to the funding provided by the Council to the IJB
  - monitoring the performance of the IJB in respect of the integration of health and social care services
- 2.4 Committee will note that, given the interrelationship between the Council, NHS Tayside and the IJB, there is a need to ensure that each organisation can freely exchange audit information which will allow all three partner organisations to discharge their own statutory duties in respect the integration of health and social care. To that end, a Protocol has been drafted in respect of the Sharing of Audit Outputs in relation to all three organisations. This is attached as Appendix 1 to this report. Adoption and adherence to this protocol will ensure that all three partner organisations receive and share audit outputs relevant to the integration of health and social care and that audit plans are reviewed across all three partner organisations to ensure a co-ordinated approach to governance arrangements in respect of the integration of health and social care.
- 2.5 The Protocol has been approved by NHS Tayside and the IJB.

- 2.6 This report, and the recommendations contained herein, follows approval of Report 417/17 by the Policy & Resources Committee in November 2017 to provide access to Council premises and information to Fife, Tayside and Forth Valley Audit and Management Services in the performance of the internal audit functions of the Angus Integration Joint Board.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 Adoption and adherence to the Protocol will assist the Council in meeting its ongoing obligations in relation to the integration of health and social care.

**NOTE:** No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

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Appendix 1 - Tayside IJBs/NHS Tayside/Tayside Local Authorities – Sharing of Audit Outputs Protocol

## **Tayside IJBs / NHS Tayside / Tayside Local Authorities – Sharing of Audit Outputs Protocol**

### **Introduction**

FTF Audit, the Internal Audit service providers for NHS Tayside, were appointed to provide the Chief Internal Auditor function for all Tayside IJBs with the Internal Auditors of both parties providing input to the delivery of the IJB audit plans. This arrangement will be reviewed by all Tayside IJBs in 2017/18.

In the new integrated environment, there may be a need to share internal audit outputs beyond the organisation that commissioned the work, in particular where the output (e.g. internal audit reports, follow-up reports, internal audit plans and internal audit annual report / opinion) is considered relevant to one or more of the other partners for assurance purposes. It is important that this sharing of information happens in a controlled manner to facilitate joint working, protect confidentiality and avoid duplication of effort.

Integrated Resource Advisory Group (IRAG) guidance states that “ *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 services.* ”

This paper sets out principles in relation to the sharing of Internal Audit outputs and granting of access, in order that all parts of the system receive appropriate information on the adequacy and effectiveness of internal control within their purview, including controls operated by other bodies which impact on their control environment. Throughout this paper, Audit Committee refers to the Standing Committee of the organisation charged with responsibility for audit and assurance.

### **Audit Planning**

IRAG guidance states that ‘*The risk based audit plan should be developed by the Chief Internal Auditor of the Integration Joint Board and approved by the Integration Joint Board or other committee (see 2.6 Audit Committees). It is recommended that it is shared with the relevant committees of the Health Board and Local Authority.*’ This principle is agreed and the approved IJB annual internal audit plans will be shared with the relevant committees of NHS Tayside and the Tayside Local Authorities.

Given that the IJBs are reliant on assurances provided by the parties on their systems and also to ensure that plans can be seen to be coherent over the whole system, the Internal Audit plans of the Health Board and Local Authorities will also be presented to the IJB Audit Committee for noting. This will also provide each Audit Committee, whilst respecting the primacy of the organisation for whom the report is prepared, with the opportunity to identify any relevant audits from another body which they may wish to receive assurance from and to highlight any areas where they might wish to ensure that particular issues, relevant to their IJB are taken into account.

## **Individual Audit Reports**

### **IJB Audits**

When conducting audits of the IJB, FTF and Local Authority Internal Auditors will use their respective methodologies, both of which are compliant with Public Sector Internal Audit Standards (PSIAS). However, an agreed standard report format will be used for all IJB Internal Audit Reports. The Internal Auditors have separately agreed a joint working protocol which sets out the audit process for all work which will be conducted within the terms of Internal Audit Charter approved by each IJB Audit Committee and the requirements of PSIAS.

A summary final report for each audit assignment will be presented to the IJB Audit Committee for scrutiny purposes, with a full copy available to IJB Audit Committee members on request. These summary reports shall also be shared with the NHS Tayside and relevant council Audit Committee(s).

### **NHS and Local Authority Internal Audits**

At the beginning of each audit year, and on an ongoing basis, the respective internal auditors, taking into account the views of the IJB Chief Officer, IJB Chief Internal Auditor and IJB Audit Committee, will review their audit plans to identify any audits of the parent bodies (NHS Tayside and Dundee City Council, Perth & Kinross Council, Angus Council) that may be of relevance to the IJB. For these audits, summaries of the final reports, or relevant issues from within those reports, will be presented to the IJB Audit Committee.

If, for any other completed audits, the auditor believes there may be issues which impact on the IJB control environment, the IJB Chief Internal Auditor will be notified so that arrangements can be made to report the relevant findings to the IJB Audit Committee.

The final audit reports issued shall follow the normal reporting routes established for internal audit reports within the parent bodies; this shall include being presented to their respective Audit Committees. The parent body Audit Committee shall be advised if the report, or any part thereof, is to be shared with the IJB Audit Committee.

When either an NHS Tayside or a Dundee City Council/ Perth & Kinross Council/ Angus Council final internal audit report has been identified as relevant to the IJB, the audit report shall be presented in summary at the next meeting of the IJB Audit Committee. These summary reports shall also be shared between NHS Tayside and Dundee City Council / Perth & Kinross Council / Angus Council internal audit services.

### **Annual Internal Audit reports**

IRAG guidance states that *'It is recommended that the Integration Joint Board annual internal audit report is shared with the partner Health Board and Local Authority through the reporting arrangements in those bodies for internal audit.'* The IJB Chief Internal Auditor shall prepare an IJB Internal Audit Annual Report and opinion and in accordance with IRAG guidance, it will be shared with the parent bodies and reported through their own internal audit reporting procedures. Again, this principle will be extended and reciprocated so that Local Authority and Health Board Annual Internal Audit Reports are presented to the IJB Audit Committee for noting as part of the overall assurance portfolio in support of the governance statement.

Review Date: September 2018