



ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD AUDIT COMMITTEE – 27 JUNE 2018
INTERNAL AUDIT – FINANCIAL MANAGEMENT FOLLOW-UP REPORT
REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

To update the Committee members of the Audit Committee on the outcomes of the Internal Audit follow up report regarding the review of Financial Management (Adult Services).

1.0 RECOMMENDATIONS

It is recommended that the Integration Joint Board Audit Committee:-

- (i) note the Internal Audit review of Financial Management.
- (ii) agree to the associated management response/action and ask for an update on progress against actions at the Audit Committee meeting succeeding the August Audit Committee meeting.
- (iii) note the additional comments of the Chief Finance Officer.

2.0 BACKGROUND

2.1 Audit Committee report 39/17, presented to the June 2017 IJB Audit Committee set out the outcomes of the Internal Audit report regarding Financial Management (Adult Services). A number of weaknesses had been considered with in this report and the outcome of the audit was a D- (inadequate) grading. The Audit Committee subsequently agreed that, given the weaknesses identified, a follow up audit would be worthwhile. This has been conducted during 2017/18 and the outcome is attached at Appendix 1.

2.2 The summary contained in Appendix 1, table at point 6, sets out that many of the audit recommendation have now been completed, some have partially been completed, some have been superseded and some remain incomplete

The incomplete actions include concluding developing links between the Contracts register and the finance system and reviewing corporate support arrangements. The latter point is referred to elsewhere in governance reviews.

Due to the dynamic nature of financial management, one action has now been superseded.

2.3 It is worth noting, and it is reflected in the report, that the Chief Finance Officer had originally expected that the breadth of the follow up audit would extend beyond revisiting issues previously raised in the original audit and would consider other weaknesses set out in Audit Committee report 39/17, namely weaknesses in payroll and income reporting. However this Internal Audit report does not extend to a wider review and the follow up is restricted to matters previously considered in report 39/17. There remain other issues that could therefore be considered to the IJB. This report

also identified potential shortcomings in the IJB's depth of understanding and control over SDS costs. This could also be subject of a future audit review.

- 2.4 While weaknesses remain, e.g. in terms of staffing stability, there has undoubtedly been progress with issues such as budgetary management and financial reporting. These have already proved beneficial to the IJB. It is now incumbent on the IJB's Chief Finance Officer and the Finance support teams to ensure the progress made during 2017/18 is maintained, embedded within Council finance systems and is used as a building block for overall improved financial management going forward.

3.0 CONCLUSIONS

- 3.1 The Audit Committee is requested to note the Internal Audit follow up audit regarding financial management, note the additional comments of the Chief Finance Officer regarding unresolved risks/issues, and to agree to the associated action plan and ask for an update on progress against actions at a future Audit Committee meeting.

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List of Appendices:

Appendix 1: Angus IJB Internal Audit Service Financial Management Follow-up Report No. AN07/18