



**ANGUS HEALTH AND SOCIAL CARE
INTEGRATION JOINT BOARD AUDIT COMMITTEE – 23 JUNE 2021
2020/21 AND 2021/22 INTERNAL AUDIT PLANS – PROGRESS REPORT
REPORT BY TONY GASKIN, CHIEF INTERNAL AUDITOR**

ABSTRACT

The aim of this paper is to brief the IJB Audit Committee on completion of the 2020/21 internal audit plan as well as work in progress relating to 2021/22.

1. RECOMMENDATIONS

The IJB Audit Committee is requested: -

- (i) to note the completion of the 2020/21 internal audit plan 2020/21 and work undertaken relating to 2021/22.
- (ii) to note the revised recommendation priorities and assurance definitions for use in all future internal audit reports as set out in Appendix 2.

2. BACKGROUND

Audit work is planned so as to allow the Chief Internal Auditor to provide the necessary assurances prior to the signing of the accounts. In order to ensure a timely flow of assurance and provide audit work sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls at year-end, we are committed to ensuring that internal audit assignments are reported to the target IJB Audit Committee as noted in the proposed plan.

Resources to deliver the plan are provided by the NHS Tayside and Angus Council Internal Audit services.

Appendix 1 represents Internal Audit's progress report on the 2020/21 plan. An equivalent report will be produced routinely for all IJB Audit Committee meetings.

3. CURRENT POSITION

The 2020/21 Internal Audit plan is now completed. Progress on audits is as noted below:

- Governance & Assurance (AN04/21):
 - Now complete. See separate agenda item.
- Charging for Services process (AN05/21):
 - Now complete. See separate agenda item.

The Internal Audit Plan 2021/22 is presented for approval by members as a separate agenda item. Progress on the non-discretionary elements of the provisional plan are also incorporated in Appendix 1.

4. PROPOSALS

Following discussion with Directors across the Tayside and Forth Valley Management Services (FTF) client bases, we have reviewed our recommendation priorities to include an additional category 'Moderate'. This enhancement is to address feedback that there was a significant gap between the 'Significant' and 'Merits Attention' prioritisations. We have also slightly amended the definitions for clarity.

We have also updated our assurance definitions in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance 'Setting common definitions' (<https://www.cipfa.org/policy-and-guidance/reports/setting-common-definitions>), issued in April 2020. The new definitions will be introduced for audits within the 2021/22 Annual Internal Audit Plan and are shown at Appendix 2.

Each audit report includes an action plan that contains prioritised actions, associated lead officers and timescales.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications.

6. RISK

The internal audit planning process which produces the Annual Internal Audit Plan takes into account the risk profile of the IJB. Individual internal audit assignments identify the key risks at the planning stage and our work is designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified. Legislative requirements are a core consideration in planning all internal audit reviews.

7. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required.

All internal audit reviews which involve review of policies and procedures will examine the way in which equality and diversity is incorporated within documentation.

8. DIRECTIONS

The Integration Joint Board requires a mechanism to action its strategic commissioning plans and this is provided for in Section 26 to 28 of the Public Bodies (Joint Working) (Scotland) Act 2014. This mechanism takes the form of binding directions from the Integration Joint Board to one or both of Angus Council and NHS Tayside.

Direction Required to Angus Council, NHS Tayside or Both	Direction to:	
	No Direction Required	X
	Angus Council	
	NHS Tayside	
	Angus Council and NHS Tayside	

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List of Appendices:

Appendix 1 – Internal Audit Progress Report

Appendix 2 - Internal Audit Definition of Assurance and Recommendation Priorities

Appendix 1

Ref	Audit	Indicative Scope	Target IJB Audit Committee	Planning Commenced	Work in Progress	Draft Issued	Completed	Grade
2020/21:								
AN01-21	Audit Planning	Agreeing audit universe and preparation of strategic plan	August 2020	✓	✓	✓	✓	N/A
AN02-21	Audit Management	Liaison with management and attendance at IJB Audit Committee	Ongoing	✓	✓	✓	✓	N/A
AN03-21	Annual Internal Audit Report	Chief Internal Auditor's (CIA) annual assurance statement to the IJB and review of governance self-assessment	June 2020	✓	✓	✓	✓	N/A
AN04-21	Governance & Assurance	Facilitation of self assessment of the impact of Covid19 on existing governance arrangements.	Outcomes of self assessment exercise issued to management plus year-end report June 2021	✓	✓	✓	✓	N/A
AN05-21	Charging for Services process	The scope was to review, document, and map the procedures in place to manage the charging processes with the aim to try and limit the level of bad debt, help service users manage payments more easily and to	Fieldwork completed April 2021. Report to	✓	✓	✓	✓	N/A

Appendix 1

Ref	Audit	Indicative Scope	Target IJB Audit Committee	Planning Commenced	Work in Progress	Draft Issued	Completed	Grade
		address potential inefficiencies highlighted by management, with a view to setting out improvement actions.	June 2021					
2021/22:								
AN01-22	Audit Planning	Agreeing audit universe and preparation of strategic plan.	June 2021	✓	✓	✓	✓	N/A
AN02-22	Audit Management	Liaison with management, Pre-IJB Audit Committee liaison with Chief Finance Officer and attendance at IJB Audit Committee.	Ongoing	✓	✓			N/A
AN03-22	Annual Internal Audit Report (2020/21)	CIA's annual assurance statement to the IJB and review of governance self-assessment.	June 2021	✓	✓	✓	✓	N/A

Internal Audit Definition of Assurance and Recommendation Priorities

Introduction

Following discussion with a number of client Directors, we have reviewed our Recommendation Priorities to include an additional category 'Moderate'. This follows feedback that there was a significant gap between 'Significant' and 'Merits Attention' which was resulting in needless additional discussion for recommendations which fell between those categories. We have also slightly amended the definitions for clarity, again following discussions with Directors. In addition, we have also updated our assurance definitions slightly to be in line with recently issued CIPFA guidance: <https://www.cipfa.org/policy-and-guidance/reports/setting-common-definitions>.


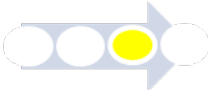
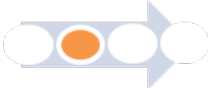

This change has been considered and approved by the Partnership Board.

Previous position

The previous definitions were as follows:




Definition of Assurance

To assist management in assessing the overall opinion of the area under review, we have assessed the system adequacy and categorised the opinion based on the following criteria:

Level of Assurance		System Adequacy	Controls
Comprehensive Assurance		Robust framework of key controls ensure objectives are likely to be achieved.	Controls are applied continuously or with only minor lapses.
Substantial Assurance		Adequate framework of key controls with minor weaknesses present,	Controls are applied frequently but with evidence of non-compliance.
Limited Assurance		Satisfactory framework of key controls but with significant weaknesses evident that are likely to undermine the achievement of objectives.	Controls are applied but with some significant lapses.
No Assurance		High risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

Recommendation Priorities


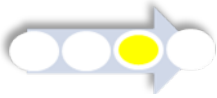


The priorities relating to Internal Audit recommendations are currently defined as follows:

Risk Assessment	Definition	Total
Fundamental	 Non Compliance with key controls or evidence of material loss or error. Action is imperative to ensure that the objectives for the area under review are met.	
Significant	 Weaknesses in control or design in some areas of established controls. Requires action to avoid exposure to significant risks in achieving the objectives for area under review.	
Merits attention	 There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.	

Approved change

Definition of Assurance

To assist management in assessing the overall opinion of the area under review, we have assessed the system adequacy and control application, and categorised the opinion based on the following criteria:

Level of Assurance		System Adequacy	Controls
Substantial Assurance		A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Controls are applied continuously or with only minor lapses.
Reasonable Assurance		There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	Controls are applied frequently but with evidence of non-compliance.
Limited Assurance		Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Controls are applied but with some significant lapses.
No Assurance		Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant breakdown in the application of controls.





Approved change

We have now included a moderate recommendation within the Assessment of Risk as follows:

Assessment of Risk

To assist management in assessing each audit finding and recommendation, we have assessed the risk of each of the weaknesses identified and categorised each finding according to the following criteria:

Appendix 2

Fundamental		<p>Non Compliance with key controls or evidence of material loss or error.</p> <p>Action is imperative to ensure that the objectives for the area under review are met.</p>	
Significant		<p>Weaknesses in design or implementation of key controls i.e. those which individually reduce the risk scores.</p> <p>Requires action to avoid exposure to significant risks to achieving the objectives for area under review.</p>	
Moderate		<p>Weaknesses in design or implementation of controls which contribute to risk mitigation.</p> <p>Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.</p>	
Merits attention		<p>There are generally areas of good practice.</p> <p>Action may be advised to enhance control or improve operational efficiency.</p>	