



**ANGUS HEALTH AND SOCIAL CARE**

**INTEGRATION JOINT BOARD AUDIT COMMITTEE – 23 AUGUST 2023**

**2022/23 AND 2023/24 INTERNAL AUDIT PLANS – PROGRESS REPORT**

**REPORT BY JOCELYN LYALL, CHIEF INTERNAL AUDITOR**

**ABSTRACT**

The aim of this paper is to brief the Audit Committee on the completion of the 2022/23 Internal Audit Plan as well as progress against the 2023/24 plan. This report also includes internal audit reports that were commissioned by the partner Audit and Risk Committees, where the outputs are considered relevant for assurance purposes to Angus IJB, for information.

**1. RECOMMENDATION**

The Audit Committee is asked to note the work undertaken relating to the 2022/23 and 2023/24 Internal Audit plans.




**2. BACKGROUND**

The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor (CIA) reports periodically to the Audit Committee on activity and performance relative to the approved annual plan. We have previously set out that audit work is planned so as to allow the Chief Internal Auditor to provide the necessary assurances prior to the signing of the accounts.

Working with our partners in Angus Council, we are committed to ensuring that internal audit assignments are reported to the target Audit Committee. The 2022/23 Internal Audit Plan is now complete with the last remaining audit issued in final. As previously reported to this Committee, work has already been undertaken on non-discretionary elements of the 2023/24 Internal Audit Plan. Progress on both plans is set out in Appendix 1.

The full 2023/24 Internal Audit Plan is presented to this Committee for approval at a separate agenda item. The plan sets out how we intend to shift the timing of audit work within the annual cycle and make more efficient use of the available time and ensure timely assurance reporting to the Committee.

The progress of each audit has been risk assessed and a RAG rating added showing an assessment of Internal Audit progress using the following definitions:

Risk Assessment		Definition
Green		<b>On track or complete</b>
Amber		<b>In progress with minor delay</b>
Red		<b>Not on track (reason to be provided)</b>

Resources to deliver the Internal Audit Plan are provided by the NHS Tayside and Angus Council Internal Audit Services.

Appendix 1 sets out progress on the 2022/23 Internal Audit Plan, as well as the 2023/24 Internal Audit Plan. An equivalent report will be produced routinely for all Audit Committee meetings.

### 3. CURRENT POSITION

The 2022/23 Internal Audit Plan was agreed at the June 2022 meeting. Progress is incorporated in Appendix 1 below with the following updates since the last Audit Committee:

- Workforce planning (AN04/23)
  - Complete (See separate agenda note)

Progress on non-discretionary elements of the provisional 2023/24 Internal Audit Plan is also incorporated in Appendix 1 below with the following updates since the last Audit Committee:

- Audit Planning (AN01/24)
  - Complete (See separate agenda note)

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, an output sharing protocol was developed and approved by all partners' respective Audit and Risk Committees. This covers the need to share internal audit outputs beyond the organisation that commissioned the work, in particular where the outputs are considered relevant for assurance purposes. The following reports are considered relevant and are summarised here for information. It should be noted that the respective Audit and Risk Committees of the commissioning bodies are responsible for scrutiny of implementation of actions.

#### **NHS Tayside reports:**

Report Description	Assurance	Key findings
T06&07/24 NHS Tayside Annual Internal Audit Report 2022//23	N/A	The Chief Internal Auditor concluded that: <ul style="list-style-type: none"> <li>• The Board has adequate and effective internal controls in place.</li> <li>• The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role.</li> </ul>

		<p>The following key themes were highlighted within the report:</p> <ul style="list-style-type: none"><li>• Governance arrangements including risk management were considered robust.</li><li>• The importance of overall Strategy to achieve long term sustainability and the update to all strategies to reflect changing demands.</li><li>• Strong performance against the Scottish average for national targets such as cancer waiting times.</li><li>• The pressures on long-term financial sustainability have increased even further and faster than anticipated. The three year financial plan overtly states that financial sustainability needs to be at the core of any decisions made.</li><li>• The NHS Tayside Medium Term Financial Plan 2023/24 to 2025/26 projects a financial challenge of £87.2 million in 2023-24. Traditional approaches to making efficiencies were producing declining savings, and new solutions will be required to ensure that services are sustainable. NHS Tayside will need to ensure that it has the capacity and capability required to identify, develop and implement these solutions whilst maintaining business as usual.</li><li>• NHSScotland as a whole is predicting significant requirements for brokerage by 2025-2026. NHS Tayside's cumulative 3 year financial gap, at a total of £182m, is significant in this context and there is a risk that not all required brokerage may be available when needed. NHS Tayside should prepare contingency plans accordingly.</li><li>• It is essential that workforce planning effectively supports the achievement of the Board's operational, financial and strategic objectives.</li><li>• Assurance reporting continued to improve.</li><li>• Mental Health and Drugs and Alcohol Recovery are considered to be Strategic risks for the IJBs, not for the Health Board. A Drugs &amp; Alcohol strategic risk is in place for Dundee IJB, but the Perth &amp; Kinross IJB Strategic risk on Whole system Mental Health remains under development. Given the significance of these risks, this potential gap in assurance reporting to the Care Governance Committee should be addressed as soon as possible.</li><li>• Key recommendations to provide clarity on the affordability of the Digital Strategy and risk mitigation, and identify the impact of any elements which will not be delivered, have not been implemented to date as agreed.</li></ul> <p>The summary report was presented to the NHS Tayside Audit and Risk Committee in June 2023 and can be accessed at page 30 in the following link:</p> <p><a href="https://www.nhstaysidecdn.scot.nhs.uk/NHSTaysideWeb/idcplg?IdcService=GET_SECURE_FILE&amp;dDocName=PROD_368305&amp;Rendition=web&amp;RevisionSelectionMethod=LatestReleased&amp;noSaveAs=1">https://www.nhstaysidecdn.scot.nhs.uk/NHSTaysideWeb/idcplg?IdcService=GET_SECURE_FILE&amp;dDocName=PROD_368305&amp;Rendition=web&amp;RevisionSelectionMethod=LatestReleased&amp;noSaveAs=1</a></p> <p>The full report, with management responses, was finalised in July 2023 and will be presented to the NHS Tayside Audit and Risk Committee on 14 September 2023.</p>
--	--	---

## Angus Council reports:

Report Description	Assurance	Key findings
Internal Audit Annual Report and Review Of Corporate Governance	N/A	<p>The report provided the Annual Internal Audit Opinion as follows:</p> <p>'In my professional judgement as Service Leader Internal Audit, notwithstanding the reduction in audit resources and the impact to completing work due to delays in receiving information from services, sufficient and appropriate audit procedures have been conducted and evidence gathered to support the basis and the accuracy of the conclusions reached and contained in this report. The conclusions were based on a comparison of the situations as they existed at the time against the audit criteria. The evidence gathered meets professional audit standards and is sufficient to provide senior management with the proof of the conclusions derived from the internal audit.</p> <p>In my opinion the Council has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks, and proper arrangements are in place to promote value for money.</p> <p>The majority of control objectives in internal audit work were assessed as having been achieved, with a number of areas of good practice noted. Where necessary actions were agreed to improve the control environment or tighten up the operation of the existing controls. The more material findings are highlighted later in this report.</p> <p>I have concluded that the Local Code of Corporate Governance is adequate and effective, and although some areas for improvement have been identified, the Code is complied with in all material respects. Although the pace of some change has been slow, positive continuous improvement in arrangements has taken place during 2022/23 to address the items in the corporate governance action plan, including to enhance overall governance arrangements and improve performance management information and risk management.</p> <p>Risk Management arrangements within the council are reasonable. There has been further progress in strengthening risk management arrangements during 2022/23 and evidence of active risk management and risk awareness is available. The pace of implementing planned actions relating to Service Risk Registers and defining risk appetite is however slow, with the latter contributing to the scheduled review of the Risk Management Strategy being overdue'.</p> <p>The report can be accessed in the following link:</p> <p><a href="https://www.angus.gov.uk/media/agenda_item_no_9_report_no_17323_internal_audit_annual_report_and_review_of_corporate_governance_app">https://www.angus.gov.uk/media/agenda_item_no_9_report_no_17323_internal_audit_annual_report_and_review_of_corporate_governance_app</a></p>

Continuous auditing- Creditors Duplicate payments	Substantial	<p>There were no duplicate payments identified in January 2023. Two duplicate sundry payments were identified in February, both had been returned after the initial payment as the account number was incorrect, and payments were then made to the correct account number.</p> <p>In March there were a number of duplicate payments identified. An error resulting in incorrect payments being made to suppliers had been identified by the service, and has been corrected. Additional checks have been added to the process to prevent such an error recurring.</p>
Continuous auditing- Creditors Same person registering & authorising an invoice	Comprehensive	<p>Testing of the period from March 2022 to April 2023 identified 20 instances of same person registration and authorisation of invoices or credit notes by 14 people, totalling £12,231.26. All were investigated and explained satisfactorily, with explanations being related to correction of errors.</p>
Continuous auditing- Payroll	Comprehensive	<p>For January – March 2023 Angus Council Internal Audit checked</p> <ul style="list-style-type: none"> <li>• the top 10 payments</li> <li>• for duplicate NI number</li> <li>• for No NI number</li> <li>• Duplicate bank accounts.</li> </ul> <p>All instances that were identified were explained satisfactorily. There was one incorrect payment in the top 10 payments in March, however this had already been identified and was being rectified at the time of our audit work.</p>
Random Cash Counts and Cash Handling Brambles Cottages	Comprehensive	<p>An unannounced visit to the residential establishments at Brambles (Logan and Rowan Cottages) was carried out in January 2023, as a follow-up to a Counter Fraud investigation into petty cash errors completed in May 2021. Our review confirmed that all recommendation/actions from that investigation have been fully addressed, and robust controls are in place to safeguard and record cash held on behalf of residents as well as a high standard of recording and balancing of petty cash.</p>

**Other Tayside IJB reports:**

No applicable reports at this time

**4. FINANCIAL IMPLICATIONS**

There are no direct financial implications.

**5. 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.

**6. 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.






**REPORT AUTHOR: Mrs J Lyall, BAcc (Hons.), CPFA, Chief Internal Auditor**  
**E-mail details: Jocelyn.lyall2@nhs.scot**

List of Appendices: Appendix 1 – Internal Audit Progress Report

Appendix 1

Ref	Audit	Indicative Scope	Target Committee	Audit	RAG status Of Internal Audit Progress	Planning stage	Work in Progress	Draft Issued	Complete	Grade
<b>2022/23</b>										
AN01-23	Audit Planning	Agreeing audit universe and preparation of strategic IA plan.	June 2022			✓	✓	✓	✓	N/A
AN02-23	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer and attendance at Audit Committee.	Ongoing			✓	✓	✓	✓	N/A
AN03-23	Annual Internal Audit Report (2021/22)	CIA's annual assurance statement to the IJB and review of governance self-assessment.	June 2022			✓	✓	✓	✓	N/A
AN04-23	Workforce	Scope: coherent, co-ordinated, adequate and effective approach to managing significant workforce risks. Strategic & operational responses across the totality of the workforce, including contracted services and 3 <sup>rd</sup> sector.	December 2022 August 2023			✓	✓	✓	✓	Reasonable Assurance
AN05-23	Finance	Scope: Financial monitoring and reporting is complete, relevant, sufficient and reliable; Validation of Self Assessment against CIPFA Chief Financial Officer Checklist.	April 2023 June 2023			✓	✓	✓	✓	Reasonable assurance

Ref	Audit	Indicative Scope	Target Committee	Audit	RAG status Of Internal Audit Progress	Planning stage	Work in Progress	Draft Issued	Complete	Grade
-----	-------	------------------	------------------	-------	---------------------------------------	----------------	------------------	--------------	----------	-------

Ref	Audit	Indicative Scope	Target Committee	Audit	RAG status Of Internal Audit Progress	Planning stage	Work in Progress	Draft Issued	Complete	Grade
<b>2023/24</b>										
<b>AN01-24</b>	Audit Planning	Agreeing audit universe and preparation of strategic plan.	June-2023 August 2023			✓	✓	✓	✓	<b>N/A</b>
<b>AN02-24</b>	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer and attendance at Audit Committee.	Ongoing			✓	✓			
<b>AN03-24</b>	Annual Internal Audit Report (2022/23)	CIA's annual assurance statement to the IJB and review of governance self-assessment.	June 2023			✓	✓	✓	✓	<b>N/A</b>
<b>AN04-24</b>	Governance & Assurance	Ad hoc advice and support to management on matters of governance and assurance.	April 2023			✓	✓	✓	✓	<b>N/A</b>
<b>AN05-24</b>	Internal Control Evaluation	Holistic assessment of the internal control environment in preparation for production of 2023/24 Annual Report.  Follow-up of previous agreed governance actions including Internal Audit recommendations.	April 2024 (Fieldwork target Jan-March 24)							
<b>AN06-24</b>	Follow up of Internal Audit AN05-21 – Charging for Services Process	Review of progress to address recommendations from internal audit consultancy work reported in AN05/21, covering management of charging processes for Adult Social Care Services.	April 2024 (Fieldwork target Jan-Feb 24)		