

REPORT TO: SCRUTINY COMMITTEE – 15 FEBRUARY 2017

REPORT ON: IJB 2015/16 ANNUAL INTERNAL AUDIT REPORT AND 2016/17 INTERNAL AUDIT PLAN

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 42-2017

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee, for information only, the Dundee Integration Joint Board (IJB) 2015/2016 Annual Internal Audit Report and 2016/2017 Annual Internal Audit Plan.

2.0 RECOMMENDATIONS

It is recommended that Members of the Committee note the contents of the Dundee IJB 2015/2016 Annual Internal Audit Report and 2016/2017 Annual Internal Audit Plan at Appendices A and B respectively.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

The Integrated Resources Advisory Group guidance states that it is the responsibility of the IJB 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. The IJB formally took over operational responsibility of the delegated functions with effect from 1 April 2016.

The IJB appointed the Chief Internal Auditor of NHS Tayside to the role of Chief Internal Auditor in November 2015 and Fife, Tayside and Forth Valley Management Services (FTF) as the IJB's Internal Audit Service for 2015/16 in February 2016, supported by Dundee City Council's Internal Audit Service. A copy of the Annual Internal Audit Report for 2015/16 which was considered by the IJB at its meeting on 28 June 2016 is attached at Appendix A.

In May 2016, Dundee IJB provided delegated authority to the Chief Officer and Chief Finance Officer to conclude discussions with FTF and Dundee City Council for the provision of internal audit services for 2016/17 with resources being provided by both FTF and Dundee City Council Internal Audit services. The Chief Internal Auditor of FTF was appointed as Chief Internal Auditor of the IJB. The Internal Audit Plan for 2016/17 was approved by the Dundee IJB at its meeting held on 6 December 2016 and a copy is attached at Appendix B. The plan was also presented to the Performance and Audit Committee of Dundee IJB on 17 January 2017.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Impact Assessment and Risk Managements. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance and Head of Democratic and Legal Services have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None.

Pamela Redpath, Senior Manager – Internal Audit

DATE: 25 January 2017

**DUNDEE IJB
INTERNAL AUDIT SERVICE**



ANNUAL INTERNAL AUDIT REPORT

2015/2016

Issued To: D Lynch, Chief Officer
D Berry, Chief Finance Officer

Dundee Integration Joint Board
External Audit- KPMG

Date: 20 June 2016

ANNUAL INTERNAL AUDIT REPORT 2015/16

INTRODUCTION AND CONCLUSION

1. The Integrated Resources Advisory Group (IRAG), established by the Scottish Government to develop professional guidance, outlines the responsibility of the Integration Joint Board (the IJB) 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.
2. This guidance also shows that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control.
3. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control. As the Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2015/16.
4. The Order establishing the Dundee Integration Joint Board (the IJB) was passed by the Scottish Parliament on 3 October 2015. The Chief Officer was appointed in June 2015 and the Chief Finance Officer in October 2015. These appointments were confirmed by the IJB at its meeting in October 2015.
5. The IJB did not have operational responsibility in year for delegated services. Formal transfer of functions took place on 1 April 2016. My review of the internal control environment for 2015/16 is therefore based solely on the responsibilities of the IJB in year.
6. The IJB has produced a draft Governance Statement with no disclosures for 2015/16.
7. Based on work undertaken I have concluded that:

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| <ul style="list-style-type: none">• The IJB had adequate and effective internal controls in place proportionate to its responsibilities in 2015/16 |
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8. In addition, I have not advised management of any concerns around the following:

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| <ul style="list-style-type: none">• Consistency of the Governance Statement with information that we are aware of from our work |
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ACTION

9. The IJB is asked to **note** this report in evaluating the internal control environment for 2015/16 and **consider** any actions to be taken on the issues reported for consideration.

INTERNAL CONTROL

10. FTF was appointed as the IJB's Internal Audit Service for 2015/16 in February 2016. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS). Our work in year reviewed, in partnership with the Dundee Council Internal Audit Service, compliance with the national Financial Assurance (Due Diligence) guidance. We found that the due diligence processes undertaken comprehensively covered the requirements of the national financial assurance and reports met all the requirements of the guidance in relation to risk assessment. Internal Audit also provided advice on the draft financial regulations.
11. To inform our assessment of the internal control framework, we developed a self assessment governance checklist for completion by management. The checklist was based on requirements of the Integration Scheme, guidance issued by the Scottish Government to support Health and Social Care Integration and best practice. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation.
12. Based on our validation work, we can provide assurance on the following key arrangements in place by 31 March 2016; as well as ongoing and planned work in 2016/17. Based on our assessment, we also recommend further issues for consideration by management.
13. Our evaluation of the IJB's Governance Framework is summarised below and shows that the control standards we expected to see at this stage of development of the IJB are in place.

Corporate Governance
Key arrangements in place as at year end 2015/16
<ul style="list-style-type: none">• The Integration Scheme was approved by the Cabinet Secretary for Health, Wellbeing and Sport in September 2015;• Standing Orders were approved in October 2015 and committee support arrangements are in place. An action points/ report planner is a standing agenda item;• In February 2016, the IJB considered the December 2015 Audit Scotland report on HSCI including an associated action plan to address the report's recommendations;• The Outline Outcomes and Performance Framework was approved in February 2016 and includes the assessment of Best Value;• The Interim Participation & Engagement Strategy was agreed in November 2015 and final strategy approved in February 2016;• A Strategic Planning Group is in place and the Strategic Commissioning Plan was approved in March 2016 following appropriate consultation. Localities have been agreed;• Directions were formally issued to the parties in March 2016 to carry out delegated functions;

- The IJB noted the operational framework and first line management arrangements in January 2016;
- The IJB noted the support services requirements in March 2016.

Developments in 2016/17- in place or planned by management

- The IJB agreed a Code of Conduct for submission to the Scottish Government in May 2016 based on a national template issued in April 2016;
- The Standing Orders were updated in May 2016 to address conflicts of interest;
- A draft Governance Statement has been prepared for 2015/16 as part of the annual accounts process and is planned to be presented to the IJB in June 2016;
- The IJB received a report on governance arrangements in May 2016 providing a progress update on governance documents and processes;
- Deputising arrangements are still to be clarified;
- Progress on implementation of the action plan in response to the December 2015 Audit Scotland report will be reported back to the IJB;
- The IJB agreed the establishment of a Performance & Audit Committee in May 2016 and the appointment of the internal auditors for 2016/17;
- A report on the remit & membership of the Performance & Audit Committee as well as approval of the 2016/17 annual internal audit plan are planned for August 2016;
- A Tayside wide shared Risk Management Policy and Strategy was adopted by the IJB in May 2016 including some local changes reflecting Dundee IJB's view of the shared nature of risks;
- The IJB's risk profile is yet to be developed. In May 2016, the IJB remitted responsibility to the Chief Finance Officer to bring back a report on this;
- Work is ongoing on second line management arrangements for the partnership;
- Further work is planned on the Large Hospital plan and arrangements for hosted services;
- Plans are to be developed in year for the Health and Social Care Localities in Dundee;
- Plans are in place so that once in post, locality managers will provide the link to the local Community Planning structures;
- The IJB agreed in March 2016 to review the support services requirements through regular reports from the Chief Officer;
- Further work on the development of the Outcomes and Performance Framework is planned.

<p>Recommended further issues for consideration by management</p> <ul style="list-style-type: none"> • Accountability and responsibilities of the IJB in respect of all governance arrangements should be clarified and agreed by the IJB and parties, and should flow through to risk management and assurance arrangements; • Assurance arrangements should include consideration of reporting lines and the flow of assurance including any officer and governance groups in place; • The IJB's strategic risk profile should be developed to clearly reflect risks to the delivery of the IJB's strategic objectives rather than joining previous operational risks of the services within the partnership; • Following the development of a risk profile for the organisation, an Assurance Framework linking the strategic risk profile and associated controls with assurance processes should be adopted (<i>Cf Risk Management Policy and Strategy Appendix 2</i>); • An exercise should be undertaken to ensure the report planner document shows all items of business required to be considered in year to deliver the purpose and remit of the IJB as well as any additional reporting agreed by members.
<p>Clinical & Care Governance/ Financial Governance/ Staff Governance/ Information Governance</p>
<p>Key arrangements in place as at year end 2015/16</p> <ul style="list-style-type: none"> • A Tayside-wide Clinical and Care Governance Framework ('Getting it right for everyone') was adopted by the Shadow Board in March 2015; • Financial Assurance (Due Diligence) was undertaken on budgets to be transferred. This was reviewed by internal audit in March 2016; • An update on the development of the Workforce and Organisational Development Strategy was agreed in February 2016; • A programme of development for IJB members was agreed in May 2015 and several development sessions have been held for IJB members during 2015/16; • The IJB holds CNORIS membership to ensure appropriate liability and indemnity cover; • Under the Scottish Accord on the Sharing of Personal Information (SASPI), an Information Sharing Protocol in relation to Health & Social Care Integration amongst Dundee City Council and NHS Tayside and the Common Services Agency has been signed.
<p>Developments in 2016/17- in place or planned by management</p> <ul style="list-style-type: none"> • Financial regulations were approved in May 2016; • Internal Audit review of Due Diligence work is to be reported to the June 2016 IJB meeting; • Work is ongoing on the implementation and embedding of the Clinical & Care & Professional Governance Framework; including remit and membership of

<p>the Dundee Clinical and Care Governance and Professional Governance Forum and monitoring of adverse events data;</p> <ul style="list-style-type: none">• Further development of the Workforce and Organisational Development Strategy and reporting of workforce planning is ongoing;• Objectives and appraisal processes for the Chief Officer and Chief Finance Officer will be considered;• The IJB is to become a party to the SASPI Information Sharing protocol.
<p>Recommended further issues for consideration by management</p> <ul style="list-style-type: none">• A formal Scheme of Delegation (as referred to in the Financial Regulations) should be developed and the IJB should work with the parties to develop a Further Scheme of Delegation within the partnership;• The IJB should be kept informed of progress with the implementation of the Clinical, Care & Professional Governance Strategy.

ACKNOWLEDGEMENT

14. On behalf of the Internal Audit Service I would like to take this opportunity to thank the Chief Officer and Chief Finance Officer of the IJB as well as staff within the partnership for the help and co-operation extended to Internal Audit throughout this challenging first year.

A Gaskin, BSc. ACA
Chief Internal Auditor

Ref.	Finding	Audit Recommendation	Priority	Management Response/ Action	Action by/Date
1.	Our evaluation of the IJB's governance framework has identified planned improvements for 2016/17 as well as further issues for consideration by management.	We would recommend that an action plan setting out a timetable for implementation is drawn up by officers and approved and monitored by the IJB or an appropriate governance committee.	2	Agreed. Governance structures will continue to be developed as the IJB evolves, taking into consideration new scenarios faced by the IJB. This will also form part of the consideration of the development of the remit and membership of the Performance and Audit Committee. The action plan will assess each of the detailed items identified within the report.	Chief Finance Officer – 31 October 2016



REPORT TO: HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD –
6 DECEMBER 2016

REPORT ON: INTERNAL AUDIT PLAN 2016/17

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: DIJB60-2016

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 for 2016/17.

2.0 RECOMMENDATIONS

It is recommended that the Integration Joint Board (IJB):

- 2.1 Approves the proposed Annual Internal Audit Plan for 2016/17.
- 2.2 Remits to the Performance and Audit Committee to monitor performance against this plan and to consider recommendations arising from the specific reviews within the plan.

3.0 FINANCIAL IMPLICATIONS

3.1 There are no financial implications arising from this report.

4.0 MAIN TEXT

- 4.1 As stated in the Integrated Resources Advisory Group guidance, it is the responsibility of the IJB 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. In May 2016, Dundee IJB provided 'delegated authority to the Chief Officer and Chief Finance Officer to conclude discussions with Fife, Tayside and Forth Valley Management Services (FTF) and Dundee City Council for the provision of internal audit services for 2016/17'.
- 4.2 Resources to deliver the plan will be provided by the NHS Tayside and Dundee City Council Internal Audit services. 20 days have been included in the 2016/17 Internal Audit Plans for each party.
- 4.3 The draft operational plan for 2016/17 has been designed to target the priority issues identified by the Internal Auditors assessment of risk. The plan includes the delivery of standard products required each year, addresses work required under the Financial Assurance Guidance and is further based on professional judgement of the IJB risk environment, targeting those risks identified in the IJB's risk register where the controls established have the greatest impact. The Chief Internal Auditor has also discussed the proposed plan with the Chief Officer and Chief Finance Officer to ensure the substantive audit assignments add value.

4.4 The proposed plan is set out below:

Ref	Audit	Indicative Scope
D01-17	Audit Planning	Agreeing audit universe and preparation of audit plan and mapping of Governance and Assurance arrangements within the IJB.
D02-17	Audit Management	Liaison with managers and Directors and attendance at Performance and Audit Committee.
D03-17	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment.
D04-17	Governance & Assurance	Ongoing support and advice on further development of governance and assurance structures, including issues identified as part of the annual report process.
D05-17	Due Diligence	Review/Validation of IJB post-implementation review.
D06-17	Workforce	Review of arrangements established to control and mitigate Risk 3 from the high level risk register - Staff resource to develop sufficient integrated arrangements. To include a review of corporate support functions.
D07-17	Clinical, Care & Professional Governance	Review of arrangements established to control and mitigate Risk 8 from the high level risk register - Clinical, Care & Professional Governance.

4.5 Work to deliver the internal audit plan is undertaken under the supervision of the Chief Internal Auditor. Through agreement between the Chief Executives of the Parties and the Chief Officer, a Joint Internal Audit Protocol will be developed setting out shared working arrangements, including access to information held by the parties and reporting protocols.

4.6 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. Within the first year, the Chief Internal Auditor will identify areas for inclusion within the audit universe and develop an Audit Strategy congruent with the IJB's risk register.

5.0 POLICY IMPLICATIONS

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 CONSULTATION

The Chief Officer, the Chief Finance Officer and the Senior Manager- Internal Audit of Dundee City Council have been consulted on the content of this paper. The draft plan has also been issued to the IJB's external auditors for comment.

7.0 BACKGROUND PAPERS

None.

Dave Berry
Chief Finance Officer

DATE: 15 November 2016