

REPORT TO: SCRUTINY COMMITTEE – 26 SEPTEMBER 2018

**REPORT ON: IJB 2017/18 ANNUAL INTERNAL AUDIT REPORT AND 2018/19 INTERNAL
AUDIT PLAN**

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 296-2018

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee, for information only, the Dundee Integration Joint Board (IJB) 2017/18 Annual Internal Audit Report and 2018/19 Internal Audit Plan.

2.0 RECOMMENDATIONS

- 2.1. It is recommended that Members of the Committee note the contents of the Dundee IJB 2017/18 Annual Internal Audit Report and 2018/19 Internal Audit Plan at Appendices A and B respectively.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

- 4.1. 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. This responsibility includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor. The IJB formally took over operational responsibility of the delegated functions with effect from 1 April 2016.
- 4.2. In May 2016, the Dundee IJB approved the arrangements for the provision of internal audit services to the IJB for the period 2016/17 with a partnership approach between Fife, Tayside and Forth Valley Audit and Management Services (FTF) and Dundee City Council Internal Audit Service. The Chief Internal Auditor from FTF was appointed as the Dundee IJB Chief Internal Auditor. A copy of the Chief Internal Auditor's Annual Internal Audit Report for 2017/18, which was approved at the IJB Performance and Audit Committee (PAC) meeting on 31 July 2018, is attached at Appendix A.
- 4.3. At the same meeting, the PAC gave approval for the IJB internal audit arrangements to continue for 2018/19 and an Internal Audit Plan for 2018/19 was developed and also approved. An extract from Report PAC48-2018 on Dundee IJB Internal Audit Plan 2018/19 and Audit Arrangements is attached at Appendix B.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. 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: 5 September 2018

FINAL REPORT

**DUNDEE IJB
INTERNAL AUDIT SERVICE**



ANNUAL INTERNAL AUDIT REPORT

2017/2018

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

Dundee Integration Joint Board
External Audit- Audit Scotland

Date: 15 June 2018

ANNUAL INTERNAL AUDIT REPORT 2017/18

INTRODUCTION AND CONCLUSION

1. The Integrated Resources Advisory Group (IRAG) 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 arrangements for risk management, governance and control of the delegated resources.
2. This guidance states that the IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control. 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.
3. Guidance issued in April 2017 requires IJBs to prepare their annual accounts and governance statements in accordance with Local Authority Accounts (Scotland) Regulations 2014. These regulations require an authority to:
 - i) Be responsible for ensuring that the financial management of the authority is adequate and effective and that the authority has a sound system of internal control which:
 - (a) facilitates the effective exercise of the authority's functions; and
 - (b) includes arrangements for the management of risk.
 - ii) Conduct a review at least once in each financial year of the effectiveness of its system of internal control.
4. The CIPFA 'Delivering Good Governance' in Local Government Framework 2016 places a responsibility on the authority to ensure *additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control* is provided by the internal auditor.
5. 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 Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2017/18.
6. This review examined the framework in place during the financial year 2017/2018 to provide assurance to the Chief Officer, as Accountable Officer, that there is a sound system of internal control that supports the achievement of the IJB's objectives. It considered:
 - ✧ Corporate Governance
 - Clinical Governance
 - Staff Governance
 - Financial Governance
 - Information Governance

7. The 2015/16 IJB Annual Internal Audit Report first recommended that accountability and responsibilities of the IJB in respect of all governance arrangements should be clarified and agreed by the IJB, and thereafter flow through to risk management and assurance arrangements. We note that across Tayside, a degree of progress has been made, with NHS Tayside Audit Committee in December 2017 agreeing two models of HSCI governance as well as a set of underlying principles for all areas of governance which have been agreed by Tayside IJB Chief Officers. However, these principles have not yet been discussed with local authority colleagues.
8. A governance action plan to address the recommendations made in the 2016/17 Internal Audit Annual report was provided to Dundee IJB's Performance & Audit Committee (PAC) in September 2017. Minutes show that the PAC agreed to remit to the Chief Finance Officer (CFO) to provide a progress report prior to March 2018. Only a progress report against the external audit action plan was subsequently provided in May 2018. However, this also demonstrated that not all actions had been progressed in line with the initially envisaged timescales.
9. The IJB has been dealing with a number of complex issues, not least of which is the need for transformative change to resolve the consequences of the changing environment particularly in relation to performance and finance and workforce. As a consequence, a range of governance developments identified within the IJB's own self assessment and through internal and external audit recommendations have not progressed as anticipated.
10. Whilst we recognise that the IJB is still a nascent organisation and that its governance structures are, therefore, necessarily emergent, it must ensure that its governance arrangements are appropriate to its needs and that they develop with increasing responsibilities. It may be that the IJB will need to accept that not all developments can be undertaken concurrently, given the many other significant priorities the IJB must resolve. In the short term a pragmatic approach may be required in which the IJB prioritises the most important developments with a view to enhancing governance arrangements as the organisation develops further. It is vital that the PAC continues to regularly monitor progress in implementing agreed actions and understands the consequences of any non-achievement.
11. Dundee IJB directs the majority of its services from NHS Tayside but is also in a symbiotic relationship with both parent bodies in which the controls in place in one body inevitably affect those in the other. We note that NHS Tayside has indicated that its Governance Statement may not be in a position to conclude positively on the adequacy and effectiveness of controls. Therefore, whilst the controls in place within the IJB may be suitable for this stage in its development, there is now a need to reflect on whether all the services for which the IJB is responsible have been provided within the context of an adequate and effective control environment.

12. Dundee City Council has drafted a Governance Statement which concludes that *the annual review demonstrates sufficient evidence that the code's principles of delivering good governance in local government operated effectively and the Council complies with the Local Code of Corporate Governance in all significant respects*. In addition, the Annual Internal Audit Report concludes that *reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year to 31 March 2018*. Whilst both contain some issues which are of interest to the IJB, neither would give rise to any requirement for consideration in the IJB's Governance Statement.
13. The IJB has produced a draft Governance Statement for 2017/18 which includes reference to the control issues within NHS Tayside.
14. Audit Scotland issued a Good Practice Note relating to IJB Annual accounts in April 2018 which commented on the information to be provided in the governance statement and recommended that sufficient information should be provided in the identified developments for the reader to assess the adequacy of improvement actions to be taken. The draft Governance Statement for 2017/18 includes this information.
15. As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2017/18.
16. Based on work undertaken I have concluded that:

- **Reliance can be placed on the IJBs governance arrangements and systems of internal controls for 2017/18.**

17. In addition, I have not advised management of any concerns around the following:

- **Consistency of the Governance Statement with information that we are aware of from our work;**
- **The format and content of the Governance Statement in relation to the relevant guidance;**
- **The disclosure of all relevant issues.**

ACTION

18. The IJB is asked to **note** this report in evaluating the internal control environment for 2017/18 and **consider** any actions to be taken on the issues reported for consideration.

INTERNAL CONTROL

19. Following a meeting of Dundee IJB in May 2016, FTF were appointed as the IJB's Internal Audit Service in conjunction with our Local Authority colleagues. Continuation of this arrangement for 2017/18 was approved by the Dundee IJB PAC in September 2017. We can confirm that FTF complies with the Public Sector Internal Audit Standards (PSIAS). The 2017/18 internal audit plan was approved by the PAC in November 2017. An Audit Charter as well as a Protocol for sharing audit reports between the parties were also approved at this meeting. Audit work has been undertaken, in partnership with the Dundee City Council Internal Audit Service, sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls.
20. 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. It was also cross referenced to the requirements of the CIPFA 'Delivering Good Governance in Local Government Framework 2016' and supporting guidance notes for Scottish Authorities. Our update of the checklist for 2017/18 also included a comparison to an example of a local authority governance statement self assessment, the October 2017 Audit Scotland 'Checklist for Councillors and Board members' and the Audit Scotland technical guidance note 2017/10(LA) module 9 on IJBs.
21. Internal Audit validated the assessments reached through discussion with management and examination of the supporting evidence and documentation. Based on our validation work, we can provide assurance on the following key arrangements in place by 31 March 2018; and also comment on where further development is needed in 2018/19. Based on our assessment, we also recommend further issues for consideration by management.
22. We would recommend that an overarching Governance Action Plan is created which also includes recommendations made in all previous annual internal and external audit reports, the further recommendations made within this report, a RAG rating for outstanding issues previously identified, and provides greater clarity on whether the action is on track, any remedial action being taken and the effectiveness of that remedial action. We would also recommend that the removal of any items from the action plan is formally agreed by the PAC.
23. It is vital that the PAC continues to regularly monitor progress in implementing agreed actions and understands the consequences of any non achievement or slippage in the governance action plan in overall context.
24. Our evaluation of the IJB's Governance Framework is summarised below.

A - Corporate Governance
A1 - Key arrangements in place as at year end 2017/18
<ol style="list-style-type: none"> I. The 2016/17 Annual Performance report was submitted to the IJB for approval in August 2017. We commend the detailed reporting and scrutiny at PAC level of the quarterly performance reports as well as additional detailed reports with clear links being made to the organisation's strategic risks. II. The organisation's high level risk register was reported to the PAC in

<p>February 2018. The risk register identifies the ten key strategic risks for the partnership and provides a description, alongside the original, current and target risk scores, mitigating actions and a narrative section. An enhanced risk assessment section has been included in the decision making report template, providing for a mandatory narrative.</p> <p>III. Following on from the Mainstreaming Equalities Report which was approved by the IJB in May 2016, a progress update was received in March 2018.</p> <p>IV. Whilst no directions were formally issued for 2017/18, in February 2018 the IJB agreed to include a 'Directions' heading within IJB reports to identify where a decision would lead to a direction being issued and to whom.</p> <p>V. Our review of agendas and minutes of the IJB during the year shows that in this second year of operation, the main focus of the IJB was the redesign of care. For example, the IJB regularly considered the Mental Health Service Redesign Transformation Programme (MHSRTP), Technology Enabled Care progress, Remodelling Care for Older People, Carers Act implementation and Reshaping Non-Acute Care in Dundee as well as the implementation of the new GP contract.</p> <p>VI. Dundee IJB has a Transformation Programme in place with an update in December 2017 which shows for each transformation project the link to a strategic plan priority and estimated and achieved savings.</p> <p>VII. The PAC met on 5 occasions during 2017/18. We commend good practice that for each meeting an assurance report is provided to the IJB on delegated decisions taken by the committee, performance against the workplan and any issues to highlight to the Board.</p> <p>VIII. A revised integration scheme to include new functions and duties contained in the Carers' Act 2016 was submitted for approval by Scottish Ministers in March 2018.</p> <p>IX. The Market Facilitation Strategy 'Shaping the Adult Health and Social Care Market in Dundee 2017-2021' was noted by the IJB in April 2017.</p> <p>X. An amendment to the Standing Orders in August 2017 extended the term of the chair to two years.</p> <p>XI. The concept of delivering and reviewing performance in relation to Best Value is noted as a key local outcome under the priority 'Managing our Resources Effectively' within the Strategic Plan. The Annual Performance Report for 2017/18 will build on the 2016/17 report which includes a Best Value overview. The Audit Scotland "Auditing Best Value- Integration Joint Boards", March 2018 guidance should be taken into account as part of this.</p>
<p>A2 - Developments originally planned for 2017/18</p>
<p>Many of the areas planned for development during 2017/18 have not yet fully concluded and further developments are now planned for 2018/19.</p> <p>Our review of progress of development actions originally planned for 2017/18 shows the following:</p>
<p>I. Work has been ongoing during the year on the operational risk register. This work was originally planned to include business continuity planning and to be monitored by the PAC but this has not yet been presented. The Dundee IJB Annual Risk Management report presented to the 29 May 2018 PAC identified areas of further development and these will be supplemented by</p>

<p>additional recommendations arising from D04/18 – Risk Management</p> <ul style="list-style-type: none"> II. In line with the national picture, work in relation to further clarification in relation to Large Hospital services and set aside budget remains ongoing. III. Some progress has been made in developing hosted service arrangements to support the Memorandum of Understanding agreed in 2016 including a basis for resource allocation and financial reporting. However, in our opinion, further work is required on risk & performance management arrangements for hosted services. IV. The Strategic Plan is now being reviewed with a view to producing an updated version for agreement in 2019. V. A mechanism was to be developed for the IJB to formally assess whether the level of Corporate Support it receives is sufficient to enable the IJB to successfully deliver the Strategic Plan. Internal Audit report DD06/17 made recommendations in relation to this with actions due by August 2018.
<p>A3 - Recommended further issues for consideration by management</p>
<ul style="list-style-type: none"> I. We would recommend that the PAC considers the governance principles adopted by the HSCI Governance working group and ensures that they are taken forward within the IJB, in partnership with both parent bodies. II. Any changes necessitated by a formal agreement on integration governance to be reached should be taken into consideration as part of the next update to the Standing Orders, Scheme of (further) Delegation and Standing Financial Instructions. III. We note that future developments are planned for risk management during 2018/19. Internal Audit report D04/18 - Risk Management will conclude on risk management arrangements in detail and the recommendations should be taken into account as part of any update to risk management arrangements as described above. IV. We note that it was intended to develop the performance report information into a delivery plan framework but this has not as yet come forward to the committee. A Strategic Delivery Plan would help to ensure the IJB fulfils its remit in delivering the direction of travel within the Strategic Commissioning Plan. V. Membership of the IJB and the Audit Committee changed during the year including both voting and non-voting members. Although by 31 March 2018 all positions were appropriately filled, further changes in membership continue to take place. We would recommend that the IJB ensure a regular induction and development process for members. VI. We noted a number of instances where a decision taken by the IJB/PAC was not implemented as originally envisaged. We would recommend a clear action points update for each meeting of the IJB and PAC as well as development of an annual workplan to which any reports which are to come forward can be added when agreed. At year end, the PAC should provide the IJB with a conclusion on whether it has fulfilled its remit and its view on the adequacy and effectiveness of the matters under its purview.

<p>B - Clinical & Care Governance/ Financial Governance/ Staff Governance/ Information Governance</p>
<p>B1 - Key arrangements in place as at year end 2017/18</p>
<ol style="list-style-type: none"> I. The IJB and PAC have been regularly informed on Clinical, Care & Professional Governance issues. Internal Audit report D07/17 concluded that there is evidence of structured activity and reporting which demonstrates a clear momentum and the reports to the IJB provide assurance that the 'Getting It Right For Everyone' (GIRFE) framework is being implemented. The PAC has agreed that exception reports on this topic will be presented at each meeting with biannual assurance provided to the IJB. II. The IJB confirmed the overall budgeted resources for delegated services at its meeting in June 2017 (subject to the adoption of the risk sharing arrangement for prescribing). The IJB was also regularly kept informed about the development of the 2018/19 budget. III. A Scheme of Delegation for the Chief Officer as well as a Reserves Policy for the IJB were approved in April 2017. IV. Regular Finance Monitoring reports were provided to the IJB which include updates on the financial position and financial outturn forecasts as well as risk assessments and risk management commentary. V. The financial monitoring position for Dundee Health and Social Care Partnership based on expenditure to 28 February 2018 showed a net projected overspend position of c£2M primarily as a result of overspends in GP prescribing and additional investment in capacity for care at home services and care home placements. VI. A Model Publication Scheme was adopted by DIJB in April 2017 based on the information commissioner's statutory publication scheme VII. A Data Sharing agreement is now in place for the new Source Social Care dataset for Scotland.
<p>B2- Developments already agreed</p>
<ol style="list-style-type: none"> I. The Clinical, Care & Professional Governance Framework GIFRE is currently under review across Tayside. In response to internal audit report D07/17 - Clinical, Care & Professional Governance, management has agreed to carry out a review to clarify and delineate the relationship between the PAC, the R2 and the Forum. Clear reporting lines will be established with a particular focus given to the level and nature of data to be provided at each level and responsibility for risk, Information Governance and Care Commission reports clearly allocated. II. Whilst workforce is one of the high level risks of the IJB, reporting on workforce and staff governance is currently limited at IJB level. In response to internal audit report D06/17 - Workforce Planning, management have agreed to ensure the vision and objectives of the Workforce and Organisational Development Strategy become embedded within the partnership. In addition, integrated workforce plans will be developed. Actions are due by August 2018.

B3 - Recommended further issues for consideration by management

- I. Given the review of the Strategic Plan being undertaken in preparation for approval in 2019, we would recommend the development of a financial framework covering the same multi year period reflecting the transformation programme and any available financial planning assumptions.
- II. Whilst an update on preparations for GDPR was received in April 2018, it is not clear that, under its current configuration, the IJB itself owns the data it uses. There is a need for a wider discussion around information sharing, GDPR and ownership of information that clarifies responsibilities and accountabilities in this area; the HSCI governance principles referred to above also highlight the need for urgent clarification of these matters.

ACKNOWLEDGEMENT

25. 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 the year.

A Gaskin, BSc. ACA
Chief Internal Auditor

Ref.	Finding	Audit Recommendation	Priority	Management Response/ Action	Action by/Date
1.	<p>A range of governance developments identified within the IJB's own self assessment and through internal and external audit recommendations have not progressed as fully as anticipated.</p> <p>Our evaluation of the IJB's governance framework is set out in the body of this report and also includes recommended further issues for consideration by management.</p>	<p>We would recommend that an overall Governance Action Plan is created to include:</p> <ul style="list-style-type: none"> • Recommendations made in all previous annual internal and external audit reports • actions or issues recommended for further consideration by management made within this report • a RAG rating for outstanding issues • greater clarity on whether the action is on track, any remedial action being taken and the effectiveness of that remedial action. <p>We would also recommend that the removal of any items from the action plan is formally agreed by the PAC.</p> <p>It is vital that the PAC continues to regularly monitor progress in implementing agreed actions and understands the consequences of any non achievement or slippage in the governance action plan in overall context.</p>	2	<p>Agreed – Chief Finance Officer will lead on the development of a Governance Action Plan to be presented at the Performance and Audit Committee meeting of the 25th September 2018.</p>	<p>Chief Finance Officer 30 September 2018</p>



REPORT TO: PERFORMANCE & AUDIT COMMITTEE – 31 JULY 2018

REPORT ON: DUNDEE INTEGRATION JOINT BOARD INTERNAL AUDIT PLAN 2018/19 AND AUDIT ARRANGEMENTS

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: PAC48-2018

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to consider the proposed Dundee Integration Joint Board's 2017/18 Internal Audit Plan

2.0 RECOMMENDATIONS

It is recommended that the Performance & Audit Committee (PAC):

- 2.1 Recommends approval to the IJB of the continuation of the Internal Audit arrangements as outlined in Section 4.1 and appoints the Chief Internal Auditor of FTF Audit and Management Services as the Integration Joint Board's (IJB) auditor for 2018/19.
- 2.2 Notes and approves the proposed Dundee Integration Joint Board 2018/19 Internal Audit Plan as outlined in Appendix 1.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 MAIN TEXT

- 4.1 Dundee IJB approved the arrangements for the provision of internal audit services to the IJB in May 2016 for the period 2016/17 with a partnership approach between FTF Audit and Management Services and Dundee City Council internal audit service. The Chief Internal Auditor from FTF was appointed to this same role within the IJB. The Performance and Audit Committee agreed the continuation of this agreement in 2017/18 and in order to support consistency in approach and continue the good partnership working between NHS Tayside's and Dundee City Council's internal audit services it is recommended that this arrangement is continued for 2018/19.
- 4.2 Dundee IJB's Chief Internal Auditor and the Chief Officer and Chief Finance Officer have considered the key areas of the IJB's activities which would benefit from Internal Audit assessment during 2018/19. This includes areas of risk as highlighted in the IJB's Risk Register. The Chief Internal Auditor has subsequently developed a proposed Internal Audit plan which sets these and other audit governance issues alongside the level of internal audit resource available (attached as Appendix 1). The substantive areas of audit planned are in relation to risks around the financial environment within which the IJB operates, governance assurance and information governance, with the latter identified as an emerging risk to be included in the high level risk register. The respective internal audit plans of NHS Tayside and Dundee City Council are included at the end of this report to highlight the work planned which will in turn provide assurance to the Performance and Audit Committee from the host bodies in relation to operational issues.

EXTRACT FROM DUNDEE IJB INTERNAL AUDIT PLAN 2018/19 APPENDIX B (CONT'D)

- 4.3 As per Audit Scotland's recommendation and subsequent agreed action following the Dundee IJB External Audit Annual Report 2016/17, presented to the September 2017 Performance and Audit Committee (PAC21-2017 - Audit Scotland Annual Report & Integration Joint Board Annual Accounts 2016/17), progress of the Internal Audit Plan will continue to be a standing item on all Performance and Audit Committee agendas.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Equality Impact Assessment. There are no major issues.

6.0 RISK ASSESSMENT

Risk 1 Description	There is a risk that if the IJB does not have appropriate Internal Audit arrangements in place it will be unable to demonstrate it has adequate and effective governance arrangements.
Risk Category	Governance
Inherent Risk Level	Likelihood 2 x Impact 4 = 12 (High Risk)
Mitigating Actions (including timescales and resources)	Approval of Internal Audit arrangements Approval of Internal Audit Plan for 2018/19
Residual Risk Level	Likelihood 1 x Impact 3 = 3 (Low Risk)
Planned Risk Level	Likelihood 1 x Impact 3 = 3 (Low Risk)
Approval recommendation	Given the low level of planned risk and the expectation that the mitigating actions will make the impact necessary to support the IJB's governance arrangements the risk should be accepted.

7.0 CONSULTATIONS

The Chief Officer, Chief Internal Auditor, Head of Community Care and Health and the Clerk were consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

None

Dave Berry
Chief Finance Officer

Date: 6 July 2018

INTERNAL AUDIT PLAN 2018/19

1. PURPOSE OF THE REPORT

The purpose of this paper is to seek approval of the Annual Internal Audit Plan for Dundee Integrated Joint Board (IJB) for 2018/19.

2. RECOMMENDATIONS

The IJB is asked to:

- Approve the 2018/19 annual plan.

3. BACKGROUND

As stated in the IRAG 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. Following a meeting of Dundee IJB in May 2016, Fife, Tayside and Forth Valley Audit and Management Services (FTF) were appointed as the IJB's Internal Audit Service with continuation of this arrangement being approved by the Dundee IJB Performance and Audit Committee (PAC) in September 2017.

Resources to deliver the plan will be provided by the NHS Tayside and Dundee City Council Internal Audit services. A total of 40 days have been included in the 2018/19 Internal Audit Plans of the parties.

As in 2017/18, the discretionary elements of this year's plan will be focused around the Dundee IJB's Strategic Risk Register, with individual topics also informed by the professional views of the IJB Chief Officer and Chief Financial Officer and the Heads of Internal Audit of both parties.

It also takes account of assurance which can be provided to the IJB based on work performed under the Internal Audit plans of both parties.

We would highlight that the plan is predicated on the basis that operational controls over services are maintained and assured through the parties. As such, the Internal Audit plans of NHS Tayside and Dundee City Council are included as Appendices A & B to this report. PAC members are asked to note the audits highlighted which are likely to be shared under the output sharing protocol which will provide additional assurance to the IJB.

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.

The draft operational plan for 2018/19 has been designed to target the priority issues identified by our assessment of risk. The plan includes the delivery of standard products required each year, and is further based on professional judgement of the IJB risk environment. We therefore assessed audit need based on the IJB's own strategic risks as well as areas for improvement noted in the Governance Statement, our findings from our 2017/18 Annual Internal Audit Report and benchmarking with other IJBs. We have also discussed the proposed plan with the Chief Officer and Chief Finance Officer to ensure the substantive audit assignments add value.

EXTRACT FROM DUNDEE IJB INTERNAL AUDIT PLAN 2018/19 APPENDIX B (CONT'D)

The proposed plan is set out below:

Ref	Audit	Indicative Scope	Days	Target Audit Committee
D01-19	Audit Planning	Agreeing audit universe and preparation of strategic plan	2	July 2018
D02-19	Audit Management	Liaison with management and attendance at Audit Committee	4	Ongoing
D03-19	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	4	July 2018
D04-19	Information Governance	Review of IT/ data processes supporting the delivery of the IJB's strategic plan through seamless cross system working	8	January 2019
D05-19	Finance	Review of arrangements established to control and mitigate Risks 1&2 from the high level risk register	12	March 2019
D06-19	Governance & Assurance	Governance mapping exercise: Assess the extent to which the IJB's structures support the delivery of strategic objectives Includes review of controls to address Risk 7	10	November 2018

Work to deliver the internal audit plan is undertaken under the supervision of the Chief Internal Auditor. An Internal Audit Joint Working Protocol has been agreed by the Internal Auditors of both parties as has a Protocol for sharing Internal Audit Outputs.

4. 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.

A Gaskin BSc ACA
Chief Internal Auditor

Audit Need Assessment based on Dundee IJB's Strategic Risk Register as at February 2018					
	Risk Title / Description	Owner	Current Risk Level	Planned Risk Level	Internal Audit coverage 2018-19
			L = Likelihood I = Impact		
1	<p>Restrictions on Public Sector Funding</p> <p>Continuing restrictions on public sector funding will impact on Local Authority and NHS budget settlements in the medium term impacting on the ability to provide sufficient funding required to support services delivered by the IJB. This could lead to the IJB failing to meet its aims within anticipated timescales as set out in its Strategic and Commissioning Plan.</p>	Chief Finance Officer	<p>L= 4 I= 4</p> <p><u>16</u></p>	<p>L= 3 I= 4</p> <p><u>12</u></p>	<p>Included? Yes</p> <p><u>Rationale</u> High risk, no previous coverage</p>
2	<p>Unable to maintain IJB spend</p> <p>IJB is unable to maintain spend within allocated resources which could lead to being unable to deliver on the Strategic & Commissioning Plan.</p>	Chief Finance Officer	<p>L= 4 I= 4</p> <p><u>16</u></p>	<p>L= 3 I= 3</p> <p><u>9</u></p>	<p>Included? Yes</p> <p><u>Rationale</u> High risk, no previous coverage</p>

Audit Need Assessment based on Dundee IJB's Strategic Risk Register as at February 2018					
	Risk Title / Description	Owner	Current Risk Level	Planned Risk Level	Internal Audit coverage 2018-19
			L = Likelihood I = Impact		
3	<p>Staff resource</p> <p>The volume of staff resource required to develop effective integrated arrangements while continuing to undertake existing roles / responsibilities / workload of key individuals may impact on organisational priorities and operational delivery.</p>	Chief Officer	<p>L= 4 I= 4</p> <p><u>16</u></p>	<p>L= 3 I= 3</p> <p><u>9</u></p>	<p>Included? No</p> <p><u>Rationale</u> Previous coverage</p> <p>Included in previous audit plan. Report issued March 2018. Further assurance will need to be provided in future audit plans following implementation of previous recommendations.</p>
4	<p>Staff Perception of Integration</p> <p>Negative staff perception of integration due to historical experiences and lack of communication will lead to an adverse effect on engagement / buy-in to new partnership.</p>	Chief Officer	<p>L= 3 I= 3</p> <p><u>9</u></p>	<p>L= 2 I= 3</p> <p><u>6</u></p>	<p>Included? No</p> <p><u>Rationale</u> Low current risk score.</p>

Audit Need Assessment based on Dundee IJB's Strategic Risk Register as at February 2018					
	Risk Title / Description	Owner	Current Risk Level	Planned Risk Level	Internal Audit coverage 2018-19
			L = Likelihood I = Impact		
5	<p>Employment Terms</p> <p>Differing employment terms could expose the partnership to equality claims and impact on staff morale.</p>	Chief Officer	<p>L= 3 I= 5</p> <p><u>15</u></p>	<p>L= 3 I= 2</p> <p><u>6</u></p>	<p>Included? No</p> <p><u>Rationale</u> Previous coverage</p> <p>Included in previous audit plan. Report issued March 2018. Further assurance to be provided in future audit plans following implementation of previous recommendations.</p>
6	<p>Stakeholders not included/ consulted</p> <p>Relevant stakeholders have not been included and adequately consulted with during the development and subsequent implementation of the Strategic & Commissioning Plan which may lead to adverse political and/or reputational impact.</p>	Chief Officer	<p>L= 1 I= 3</p> <p><u>3</u></p>	<p>L= 1 I= 3</p> <p><u>3</u></p>	<p>Included? No</p> <p><u>Rationale</u> Low current risk score.</p>
7	<p>Increased Bureaucracy</p> <p>Revised governance mechanisms between the IJB and partners could lead to increased bureaucracy in order to satisfy the arrangements required to be put in place.</p>	Chief Officer	<p>L= 4 I= 3</p> <p><u>12</u></p>	<p>L= 3 I= 3</p> <p><u>9</u></p>	<p>Included? Yes</p> <p><u>Rationale</u> High Risk and links to overall governance & assurance framework</p>

Audit Need Assessment based on Dundee IJB's Strategic Risk Register as at February 2018						
Risk Title / Description	Owner	Current Risk Level	Planned Risk Level	Internal Audit coverage 2018-19		
		L = Likelihood I = Impact				
8	Governance arrangements being established fail to discharge duties Clinical, Care & Professional Governance arrangements being established fail to discharge the duties required.	Chief Officer	L= 2 I= 4 <u>8</u>	L= 2 I= 2 <u>4</u>	Included? No <u>Rationale</u> Previous coverage Included in previous audit plan. Report issued January 2018. Further assurance to be provided in future audit plans following implementation of previous recommendations.	
9	Uncertainty around future service delivery models Uncertainty around future service delivery models may lead to resistance, delay or compromise resulting in any necessary developments or potential opportunities for improvement not being fulfilled.	Chief Officer	L= 3 I= 3 <u>9</u>	L= 2 I= 2 <u>4</u>	Included? No <u>Rationale</u> Low current risk score.	