

REPORT TO: PERFORMANCE & AUDIT COMMITTEE – 26 MAY 2021

**REPORT ON: DUNDEE INTEGRATION JOINT BOARD INTERNAL AUDIT PLAN
PROGRESS REPORT**

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: PAC15-2021

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to provide the Performance and Audit Committee with a progress update in relation to the 2020/21 Internal Audit Plan.

2.0 RECOMMENDATIONS

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

- 2.1 Notes the continuing delivery of the audit plan and related reviews as outlined in this report.
- 2.2 Agree to the change in how remaining audit days for 2020/21 are used.
- 2.3 Notes the revised recommendation priorities and assurance definitions for use in all future internal audit reports as set out in Appendix 2.

3.0 FINANCIAL IMPLICATIONS

3.1 None.

4.0 MAIN TEXT

- 4.1 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 (Article IV of the minute of meeting of this Committee of 12th September 2017 refers), progress of the Internal Audit Plan is now a standing item on Performance and Audit Committee agendas.
- 4.2 An update on the progress of all the IJB's Internal Audits is shown in Appendix 1.
 - Governance & Assurance (D04/20): CIA provided ongoing advice on development of Tayside Risk Management Strategy
 - Performance management (D05/20): Now draft report stage
- 4.3 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 below.
- 4.4 As approved under the essential business procedure and formally noted by Dundee IJB at its meeting of the 25th August 2020 (Article V of the minute of meeting of the Integration Joint Board of 25th August 2020 refers), Internal Audit Activity during 2020/21 has focused on completing previously agreed audits with updated scopes agreed with management. Further discussions have taken place between management and Internal Audit where it was proposed to redirect audit resource under D06/20 (previously intended to review Adverse Events Management) to focus on a joint Audit Follow Up/Governance Action plan exercise between Internal Audit and management to review, update and consolidate actions, as well as reprioritising using a RAG

status. The proposed Internal Audit Plan for 2021/22 includes a review of the IJB's arrangement in place as a Category 1 responder therefore in effect providing assurance on adverse events management.

- 4.5 The IJB's Internal Auditors have reviewed their recommendation priorities to include an additional category of 'Moderate'. This enhancement is to address feedback that there was a significant gap between the 'Significant' and 'Merits Attention' prioritisations. They have also slightly amended the definitions for clarity. In addition, Internal Audit have also updated internal audit review assurance definitions in line with the 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. These revisions are set out in Appendix 2 to this report.

5.0 POLICY IMPLICATIONS

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

6.0 RISK ASSESSMENT

- 6.1 This report has not been subject to a risk assessment as it a status update and does not require any policy or financial decisions at this time.

7.0 CONSULTATIONS

- 7.1 The Chief Finance Officer, Regional Audit Manager and the Clerk were consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

- 8.1 None.

Dave Berry
Chief Finance Officer

Date: 12 May 2021

2020/21								
Ref	Audit	Indicative Scope	Target Audit Committee	Planning Commenced	Work in Progress	Draft Issued	Completed	Grade
D01-20	Audit Planning	Preparation of Annual Internal Audit Plan	September 2020	Complete	Complete	Complete	Complete	N/A
D02-20 & D02-21	Audit Management	Liaison with management and attendance at Performance and Audit Committee	N/A	Ongoing				
D03-20 & D03-21	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	August 2020	Complete	Complete	Complete	Complete	N/A
D04-20	Governance & Assurance	Ongoing support and advice on further development of governance and assurance structures, including issues identified as part of the annual report process and the self assessment against the MSG report and help in implementing an audit follow up process	N/A	Complete				
D05-20	Performance management	Adequacy, accuracy, relevance, reliability, data quality, timeliness and interpretation of reporting against the priorities in the Strategic and Commissioning Plan and core integration indicators. Compliance with DL 2016 (05) - Guidance for Health and Social Care Integration Partnership Performance Reports and preparation for/ implementation of the anticipated new national guidance on the 'Joint Accountability Framework'	September 2021	Complete	Complete	Complete		

		This work will link to Strategic Risk 10 as well as a number of operational risks						
D06-20	Audit Follow Up	Joint exercise between Internal Audit and management to review & update and consolidate actions arising from all sources of previous recommendations as well as reprioritising using a RAG status.	September 2021	Ongoing				
2021/22:								
Ref	Audit	Indicative Scope	Target Audit Committee	Planning Commenced	Work in Progress	Draft Issued	Completed	Grade
D01-21	Audit Planning	Agreeing audit universe and preparation of strategic plan	May 2021	Complete	Complete	Complete	Completed	N/A
D02-21	Audit Management	Liaison with management and attendance at Audit Committee	N/A	Ongoing				N/A
D03-21	Annual Internal Audit Report (2020/21)	Chief Internal Auditor's annual assurance statement to the IJB and review of governance self-assessment	June 2021 (IJB)	Complete	Complete			

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 FTF Partnership Board.

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		<p>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.</p>	<p>Controls are applied frequently but with evidence of non-compliance.</p>
Limited Assurance		<p>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.</p>	<p>Controls are applied but with some significant lapses.</p>
No Assurance		<p>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.</p>	<p>Significant breakdown in the application of controls.</p>

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:

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 design or implementation of key controls i.e. those which individually reduce the risk scores. Requires action to avoid exposure to significant risks to achieving the objectives for area under review.	
Moderate		Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to 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.	

This page is intentionally left blank