



REPORT TO: PERFORMANCE AND AUDIT COMMITTEE – 27 SEPTEMBER 2023
REPORT ON: INTERNAL AUDIT PLAN 2023/24
REPORT BY: CHIEF FINANCE OFFICER
REPORT NO: PAC31-2023

1.0 PURPOSE OF REPORT

1.1 The purpose of this paper is to seek approval of the Annual Internal Audit Plan for Dundee City Integration Joint Board (IJB) for 2023/24, to present the Internal Audit Charter, and to agree the appointment of the Chief Internal Auditor.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Performance and Audit Committee (PAC):
- Agree to the continuation of Fife, Tayside and Forth Valley Audit and Management Services (FTF) as the IJB’s lead internal auditors and therefore continuing the role of Chief Internal Auditor.
 - Approves the 2023/24 Internal Audit Annual Plan as set out in Appendix 1 to this report.
 - Notes there are no changes to the Internal Audit Charter as set out in section 4.2 of this report

3.0 FINANCIAL IMPLICATIONS

3.1 None.

4.0 MAIN TEXT

- 4.1 The Scottish Government issued Finance Guidance for Integration Joint Boards (IJB) via the Integrated Resources Advisory Group (IRAG). That guidance states: *‘It is the responsibility of the Integration Joint Board 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 will include determining who will provide the internal audit service for the Integration Joint Board and nominating a Chief Internal Auditor.’* Following a meeting of Dundee IJB in May 2016, FTF were appointed as the IJB’s Internal Audit Service. It is proposed to continue these arrangements with both Dundee City Council Internal Audit services and FTF continuing to provide resources under the terms of the joint working arrangements already in place. The Chief Internal Auditor role would continue to be provided by FTF. The previous Chief Internal Auditor retired on 31 August 2023 and Jocelyn Lyall has been appointed from 1 August 2023 to allow for a handover period.
- 4.2 At its meeting in September 2020, the Performance and Audit Committee agreed that future changes to the Internal Audit Charter would be approved as part of the Integration Joint Board’s Annual Internal Audit Plan. No updates to the Charter are required at this point, as the underlying guidance has not changed.
- 4.3 Public Sector Internal Audit Standards set out the need to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals. 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. It therefore includes the

delivery of standard products required each year, and is further based on professional judgement of audit need based on the IJB's risk environment. In addition, account is taken of assurance which can be provided to the IJB based on work performed under the Internal Audit plans of both parties. The Internal Audit Plan describes how the available resources will be utilised during the year.

- 4.4 Resources to deliver the plan will be provided by NHS Tayside and Dundee City Council Internal Audit services and have been included in the 2023/24 Internal Audit Plans of both parties. Overall 40 days have been allocated. Internal Audit would highlight that the plan is predicated on the basis that operational controls over services are maintained and assured through the partners. An Internal Audit Joint Working Protocol has been agreed, as has a Protocol for sharing Internal Audit outputs, and relevant audits will continue to be shared under the Output Sharing Protocol which will provide additional assurance to the IJB.
- 4.5 Internal Audit have reviewed the extant strategic risks of the organisation, several of which have been the subject of previous audit coverage. Discussions between management and Internal Audit have taken place to ensure the substantive audit assignments in 2023/24 add maximum value.
- 4.6 It is proposed that in 2023/24, for the first time, an Internal Control Evaluation (ICE) will be undertaken in January 2024 (final report to be presented to the PAC in May 2024). The scope of the ICE will be a holistic overview of governance within Dundee IJB to provide assurance that there is a sound system of internal control that supports the achievement of the IJB's objectives. Completion of this work earlier in the audit cycle will allow detailed consideration of the control environment and will provide early warning of any significant issues that may affect the Governance Statement, allowing management to take any required remedial action before year-end. It also means that year end work to produce the annual internal audit report providing the Chief Internal Auditor's opinion will be more efficient, building on the detailed ICE work and reducing demands on management time during the annual accounts process. Annual Report work will focus on year-end assurances and confirmation that previously agreed actions have been implemented.
- 4.7 Together, the ICE and the Internal Audit Annual Report 2023/24 will provide assurance on the overall systems of internal control, incorporating the findings of any full reviews undertaken during the year. The allocation of days for completing the 2023/24 annual report is traditionally included in the plan for the following year i.e. 2024/25. It is anticipated that, building on the work undertaken in the ICE, in future years the Annual Report allocation will be 5 days, freeing up more audit days for the ICE and other substantive audits.
- 4.8 Audit work is planned to allow the Chief Internal Auditor to provide the necessary assurances prior to the signing of the accounts and we are committed to ensuring that internal audit assignments are reported to the target Performance & Audit Committee date as noted in the proposed plan below.
- 4.9 We have experienced delays in progressing audits during 2022/23 and we have reported this in previous reports the PAC and kept the Chief Finance Officer informed. There is one remaining review from last year to be delivered and as part of our risk based planning for 2023/24, we have discussed and agreed with the Chief Finance Officer that this area still merits an audit review with the review (D06/24) now included in the 2023/24 Annual Internal Audit Plan, subject to PAC approval of the overall plan.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6.0 RISK ASSESSMENT

- 6.1 This report has not been subject to a risk assessment as it relates to the development of an annual audit plan which aligns with the organisation's risks.

7.0 CONSULTATIONS

7.1 The Chief Officer and the Chief Internal Auditor were consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

8.1 None.

Dave Berry
Chief Finance Officer

DATE: 1st September 2023

The proposed plan is set out below:

Ref	Audit	Indicative Scope	Days	Target Audit Committee
D01-24	Audit Planning	Audit Risk Assessment & Operational Planning.	2	September 2023
D02-24	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer, preparation of papers and attendance at Audit Committee.	4	Ongoing
D03-24	Annual Internal Audit Report (2022/23)	Chief Internal Auditors annual assurance statement to the IJB and fieldwork to support this.	10	June 2023
D04-24	Governance & Assurance	Additional work supporting improvements in AFU/Governance Action Plan	4	September 2023
D05-24	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.	10	May 2024
D06-24	Workforce	Related risk: Staff Resource 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 3rd sector	10	February 2024