



**REPORT TO: PERFORMANCE AND AUDIT COMMITTEE – 25 SEPTEMBER 2024**  
**REPORT ON: INTERNAL AUDIT PLAN 2024/25**  
**REPORT BY: CHIEF FINANCE OFFICER**  
**REPORT NO: PAC35-2024**

**1.0 PURPOSE OF REPORT**

1.1 The purpose of this paper is to seek approval of the 2024/25 Annual Internal Audit Plan for Dundee City Integration Joint Board (IJB) and the revised and updated Internal Audit Charter, and to agree the appointment of the Chief Internal Auditor for the financial year.

**2.0 RECOMMENDATIONS**

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

- Agree the continuation of Fife, Tayside and Forth Valley Audit Internal Audit (FTF) as the IJB’s lead internal auditors and therefore continuing the role of Chief Internal Auditor for 2024/25.
- Approve the 2024/25 Annual Internal Audit Plan as set out in Appendix 1.
- Approve the revised and updated Internal Audit Charter set out in Appendix 2

**3.0 FINANCIAL IMPLICATIONS**

3.1 There are no direct financial implications. However, Financial Governance is a key pillar of governance and value for money is a core consideration in planning all internal audit reviews.

**4.0 MAIN TEXT**

4.1 As stated in the Integrated Resources Advisory Group (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. This includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor (CIA). Following a meeting of Dundee IJB in May 2016, FTF were appointed as the IJB’s Internal Audit Service. Both Dundee City Council Internal Audit Service and FTF provide resources under the terms of the joint working arrangements already in place. The CIA role will continue to be provided by FTF in 2024/25.

4.2 Resources to deliver the 40 days available for the 2024/25 plan will be provided by the NHS Tayside and Dundee City Council Internal Audit Services and have been included in the draft 2024/25 Internal Audit Plan for NHS Tayside and the approved 2024/25 Internal Audit Plan for Dundee City Council.

4.3 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 IJB’s Annual Internal Audit Plan. The Charter is attached at Appendix 1 with some minor updates.

4.4 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 CIA 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. 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 and a Protocol for sharing Internal Audit Outputs are in place.

- 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 2024/25 add maximum value.
- 4.6 It is proposed that in 2024/25, the Internal Control Evaluation (ICE) work will be undertaken in early 2025 with management advised of key findings by April 2025. This approach will minimise demands on officers time at year end with the outcome of the ICE fieldwork being incorporated into the Annual Internal Audit Report 2024/25.
- 4.7 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 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 CIA'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.
- 4.8 Together, the ICE audit work and the Annual Internal Audit Report 2024/25 will provide assurance on the overall systems of internal control, incorporating the findings of any full review undertaken during the year. The allocation of days for completing the Annual Internal Audit Report was traditionally included in the plan for the following year.
- 4.9 This year, we have made an adjustment to the planning cycle and the 2024/25 Annual Internal Audit Report is now included in the current year plan. The allocated days for the ICE and Annual Report 2024/25 reflect our assessment of the resources required to provide robust, comprehensive annual assurance, based on our previous experience. Historically 10 days were allocated for the provision of annual assurance, however as the IJB governance arrangements have matured, it has become increasingly challenging to complete the required work within the allocated days. Therefore, for 2024/25 a more realistic total of 18 days has been allocated for ICE and Annual Report work, and as a result one discretionary audit has been included in the plan.
- 4.10 A discretionary audit of 'Lead Partner Services' is included in the proposed Annual Plan, with fieldwork to be carried out by the Dundee Council Internal Audit team. The scope of this audit is under discussion with Angus and Perth & Kinross IJB and Internal Audit colleagues, with a view to potentially producing a Tayside wide report. The indicative budget for this audit is based on the audit judgement of the CIA (Corporate Finance), as discussed with the FTF internal audit team.

## **5.0 POLICY IMPLICATIONS**

- 5.1 This report has been screened for any policy implications in respect of Equality Impact Assessment and Risk Management. 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.

## **6.0 RISK ASSESSMENT**

6.1 The internal audit planning process which produced this proposed Annual Internal Audit Plan takes into account the strategic risk profile of the organisation. 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.

The allocation of days within the proposed 2024/25 annual plan has been allocated in order to mitigate the risk that the Chief Internal Auditor's annual audit opinion is not based on appropriate and sufficient audit evidence.

## **7.0 CONSULTATIONS**

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

## **8.0 BACKGROUND PAPERS**

8.1 None.

Christine Jones  
Acting Chief Finance Officer

DATE: 30<sup>th</sup> August 2024

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The proposed 2024/25 Annual Internal Audit Plan is set out below:

<b>Ref</b>	<b>Audit</b>	<b>Indicative Scope</b>	<b>Days</b>	<b>Target Audit Committee</b>
<b>D01-25</b>	Audit Planning	Audit Risk Assessment & Operational Planning.	2 (NHS auditors)	September 2024
<b>D02-25</b>	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer, preparation of papers and attendance at Audit Committee.	6 (5 NHS, 1 Council auditors)	Ongoing
<b>D03-25</b>	Internal Control Evaluation (reported in March)	Holistic assessment of the internal control environment in preparation for production of 2024/25 Annual Report. Follow-up of previous agreed governance actions including Internal Audit recommendations.	13 (8 NHS, 5 Council auditors)	May 2025
<b>D04-25</b>	Annual Report 2024/25 (reported in July)	CIA annual assurance statement to the IJB and fieldwork to support this.	5 (NHS auditors)	September 2025 (IJB meeting June 2025)
<b>D05-25</b>	Lead Partner services	Lead Partner Governance and Assurance arrangements Scope to review status of information sharing related to finance / financial outlook / risks / clinical & care governance / activity and strategic planning. (Scope to be finalised)	14 (Council auditors)	May 2025
<b>Total</b>			<b>40</b>	

**Dundee IJB Internal Audit Charter****Table of contents**

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## Introduction

Public Sector Internal Audit Standards (PSIAS) require each organisation to agree an Audit Charter which is annually updated following approval by the Board, in this case through the Performance & Audit Committee of Dundee IJB. This Charter is complementary to the relevant provisions included in the organisation's own Standing Orders (SOs) and Standing Financial Instructions (SFIs), which include provision for the delivery of audit services to Dundee IJB.

The terms 'Board' and 'senior management' are required to be defined under the Standards and therefore have the following meaning in this Charter:

- Board means the Integration Joint Board (IJB) with responsibility to direct and oversee the activities and management of the organisation. The Board has delegated authority to the Audit Committee in terms of providing a reporting interface with internal audit activity; and
- Senior Management means the Chief Officer as being the designated Accountable Officer for Dundee IJB. The Chief Officer has made arrangements within this Charter for an operational interface with internal audit activity through the Chief Finance Officer;

In addition, for clarity, the following definitions are explained:

- FTF Internal Audit (FTF) are the Internal Auditors for NHS Tayside and, following a meeting of Dundee IJB in May 2016, were appointed as Dundee IJB's Internal Audit Service, with the current Chief Internal Auditor (CIA) for NHS Tayside also fulfilling this role for Dundee IJB. Both FTF and Dundee City Council Internal Audit commit resources to support Dundee IJB's internal audit requirements and allow delivery of the internal audit function.
- Accountable Officer means the Chief Officer;
- Partner bodies means Dundee City Council and NHS Tayside.

## Purpose and responsibility

Within the organisation, responsibility for internal control rests fully with management to ensure that appropriate and adequate arrangements are established. *"Internal audit is an independent, objective assurance and consulting function designed to add value and improve the operations of NHS Tayside. Internal audit helps the organisation accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes." Its mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.* (See Annex 1 for FTF Mission Statement).

Internal Audit is responsible for providing an independent and objective assurance opinion to the Accountable Officer, the Board and the Performance & Audit Committee on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. In addition, internal audit's findings and recommendations are beneficial to management in securing improvement in the audited areas.

The Shared Services Agreement and associated Service Specification between FTF and NHS Tayside set out their specific responsibilities as Internal Auditors to NHS Tayside and by extension, to Dundee IJB.

## Authority and Accountability

Internal Audit derives its authority from the Integration Joint Board, the Accountable Officer and Audit Committee. These authorities are established in Standing Orders and Standing Financial Instructions adopted by the Board.

The CIA leads the internal audit activity and assigns a named contact to Dundee IJB. For line management (e.g. individual performance) and professional quality purposes (e.g. compliance with the PSIAS), the Regional Audit Manager reports to the CIA. A Reporting protocol has been agreed between Dundee City Council and NHS Tayside internal audit services to ensure work is performed to the required standards.

The CIA reports on a functional basis to the Accountable Officer and to the Performance & Audit Committee on behalf of the Board. Accordingly the CIA has a direct right of access to the Accountable Officer, the Chair of the Performance & Audit Committee and the Chair of the IJB if deemed necessary.

The Performance & Audit Committee approves all Internal Audit Plans and may review any aspect of its work.

To facilitate its assessment of governance within the organisation, Internal Audit is granted access to attend meetings of the IJB and any committee, sub-committee or group of the Board charged with aspects of governance. This includes access to the minutes and papers of open and closed meeting sessions.

## Scope

Internal Audit evaluates the adequacy and effectiveness of the organisation's governance, risk management arrangements, systems of internal control, and the quality of performance. It includes but is not limited to:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify measure, classify, and report such information;
- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations;
- Reviewing assurances received on internal controls operating through partner bodies;
- Reviewing and appraising the economy and efficiency with which resources are employed, this may include benchmarking and sharing of best practice;
- Reviewing assurances received that directions are consistent with the organisation's objectives and goals are being carried out as planned;
- Reviewing specific operations at the request of the Performance & Audit Committee or management;
- Monitoring and evaluating the effectiveness of the organisation's risk management arrangements and the overall system of assurance (see below);
- Ensuring effective co-ordination, as appropriate, with external auditors; and
- Reviewing the Annual Governance Statement prepared by senior management.

Internal Audit will devote particular attention to any aspects of the risk management, internal control and governance arrangements affected by material changes to the organisation's risk environment.

If the CIA or the Performance & Audit Committee consider that the level of audit resources or the Charter in any way limit the scope of internal audit or prejudice the ability of internal audit to deliver a services consistent with the definition of internal auditing, they will advise the Accountable Officer and Board accordingly.



## **Risk Management**

Internal Audit will liaise with both the Performance & Audit Committee and senior management as part of our annual internal audit planning process to discuss the alignment of audit priorities to strategic and emerging risks. This will include the strategic risks not being audited in-year to enable a discussion about coverage and the level of audit resource.

Periodically, a detailed review of risk management arrangements will be undertaken by internal audit as well as an annual high level review as part of the governance assessment to inform the Annual Internal Audit report and specifically the CIA's opinion on the adequacy and effectiveness of internal control.

## **Irregularities, Fraud & Corruption**

It is the responsibility of management to maintain systems that ensure the organisation's resources are utilised in the manner and on activities intended. This includes the responsibility for the prevention and detection of fraud and other illegal acts.

Internal Audit shall not be relied upon to detect fraud or other irregularities. However, Internal Audit will give due regard to the possibility of fraud and other irregularities in work undertaken. Additionally, Internal Audit shall seek to identify weaknesses in control that could permit fraud or irregularity.

If Internal Audit discovers suspicion or evidence of fraud or irregularity, this will immediately be reported to the organisation's Fraud Liaison Officer/ Fraud Officer in accordance with the relevant partner's Fraud policy/Plan.

## **Independence and Objectivity**

Audit independence as described in the PSIAS is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the CIA will have direct and unrestricted access to the Board and Senior Management, in particular the Chair of the Performance & Audit Committee and the Accountable Officer.

Organisational independence is effectively achieved when the auditor reports functionally to the Audit Committee on behalf of the Board. Such functional reporting includes the Performance & Audit Committee:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- receiving outcomes of all internal audit work together with the assurance rating; and
- reviewing internal audit activity's performance relative to its plan.

Whilst maintaining effective liaison and communication with the organisation, as provided in this Charter, all internal audit activities shall remain free of untoward influence by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective attitude necessary in rendering reports.

Internal Auditors shall have no executive or direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be subject to Internal Audit.

This Charter makes appropriate arrangements to secure the objectivity and independence of internal audit as required under the standards. The Specification for Internal Audit Services between FTF and NHS Tayside sets out the operational independence of FTF as internal

auditors. In particular it states '*FTF may be called upon to provide advice on controls and related matters, subject to the need to maintain objectivity and to consider resource constraints. Normally FTF will have no executive role nor will it have any responsibility for the development, implementation or operation of systems. Any internal audit input to systems development work will be undertaken as specific assignments. To preserve independence and objectivity, any such involvement in systems development activities will be restricted to the provision of advice and supporting management to ensure key areas in respect of control are addressed.*'

FTF have controls in place to ensure compliance with the relevant aspects of the PSIAS and the wider requirement to conform with NHSScotland standards of conduct regulations.

Similarly, Dundee City Council Internal Audit has a Charter in place which sets out how to maintain the internal auditors' independence and objectivity.

### **Appointment of CIA and Internal Audit Staff, Professionalism, Skills & Experience**

Under the Service Specification for FTF, NHS Fife, as the host body, is responsible for appointing a CIA who is a member of a CCAB Institute or CMIIA with experience equivalent to at least five years post-qualification experience and at least three years of audit.

The Specification also sets out the required qualified skill-mix as well as specifying the responsibility of FTF to ensure staff are suitably trained with appropriate skills with a formal requirement for preparation and maintenance of Personal Development Plans and where relevant, fulfilling professional CPD requirements. These provisions apply to the totality of the service provided to NHS Tayside and are also applicable to Dundee IJB, although not specifically measured for them.

### **Relationships**

The CIA will liaise with the Chief Finance Officer who has been nominated by the Accountable Officer as executive lead for internal audit.

Internal Audit teams will work closely with each other as well as IJB Management in planning its work programme. Co-operative relationships between the audit teams and with management enhance the ability of internal audit to achieve its objectives effectively. Audit work will be planned in conjunction with partner auditors as well as management, particularly in respect of the timing of audit work.

Internal Audit will meet regularly with the external auditor to consult on audit plans, discuss matters of mutual interest, discuss common understanding of audit techniques, method and terminology, and to seek opportunities for co-operation in the conduct of audit work.

Internal Audit strives to add value to the organisation's processes and help improve its systems and services. To support this Internal Audit will obtain an understanding of the organisation and its activities, encourage two way communications between internal audit and operational staff, discuss the audit approach and seek feedback on work undertaken.

Subject to the availability of resources, FTF and its staff shall co-operate and respond to reasonable requests or give support in situations, whether or not they are detailed in the specification.

### **Standards, Ethics, and Performance**

Internal Audit must comply with the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Institute of Internal Auditors' Definition of Internal Auditing.

Internal Audit will report progress against the annual internal audit plan to each meeting of the Performance & Audit Committee.

## Reporting arrangements

Arrangements for reporting individual assignments are contained within the Audit Joint Working Protocol approved through the Tayside Chief Internal Auditor Group as well as the Output Sharing Protocol approved by the Performance & Audit Committee.

Internal Audit will produce an Annual Internal Audit Report each audit year in time to provide the assurance required in considering the Board's Annual Accounts.

The Annual Audit Report should contain:

- *An opinion on whether:*
  - ✧ *Based on the work undertaken, there were adequate and effective internal controls in place throughout the year;*
  - ✧ *The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role;*
  - ✧ *The Internal Audit Plan has been delivered in line with PSIAS.*
- *Analysis of any changes in control requirements during the year, and*
- *Comment on the key elements of the control environment.*

## Assurances provided to parties outside the organisation;

Internal Audit will not provide assurance on activities undertaken by Dundee IJB to outside parties without specific instruction from Dundee IJB or as per the approved output sharing protocol.

## Approach

To ensure delivery of its scope and objectives in accordance with the Charter, the lead Internal Audit team has arrangements in place for annual and strategic planning, individual audit assignment planning and reporting. Fieldwork allocated to either or both Internal Audit teams will be conducted in accordance with the normal audit approach adopted by that team, including appropriate quality assurance processes.

## Access and Confidentiality

Internal Audit shall have the authority to access all the organisation's information, documents, records, assets, personnel and premises that it considers necessary to fulfil its role. This shall extend to the resources of the third parties that provide services on behalf of the organisation.

All information obtained during the course of an audit review will be regarded as strictly confidential to the organisation and shall not be divulged to any third party without the prior permission of the Accountable Officer. S6.6 of the SSA sets out those circumstances in which reports and working papers will be shared with the statutory External Auditors and the application of the Freedom of Information (Scotland) Act 2002.

## Quality Assurance

The CIA has established a quality assurance programme designed to give assurance through internal and external review that the work of Internal Audit is compliant with the PSIAS and to achieve its objectives. A commentary on compliance against PSIAS will be provided in the Annual Internal Audit Report.

### **Resolving Concerns**

The CIA will be responsible for managing the delivery of the internal audit service. The CIA will be available to meet with the Chief Finance Officer as required to discuss the service and any issues arising. If the matter is not resolved to the satisfaction of the Client, the matter shall be presented to the next available meeting of the Audit Committee.

### **Review of the Internal Audit Charter**

This Internal Audit Charter shall be reviewed annually and approved by the Performance & Audit Committee.

**Date: September 2024**

**Date of next review: September 2025**

## **Annex 1 FTF Mission Statement**

### **Mission and values**

The purpose of the internal audit function has been defined within the Public Sector Internal Audit Standards (PSIAS). FTF, following discussion with internal audit staff and the Partnership Board has developed a mission and vision statement which incorporates this definition as well as additional elements reflecting our way of delivering the audit function as follows:

#### **WORKING TOGETHER TO PROVIDE ASSURANCE AND ADD VALUE**

We achieve this by following the Public Sector Internal Audit Standards:

*“Internal Audit is an independent, objective **assurance** and consulting activity designed to **add value** and **improve** an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.*

We work with our clients to provide an excellent service by understanding their values, their objectives and risks and the environment in which they operate. We value and listen to our staff and ensure that they have the skills and knowledge they require to help us to succeed, continuously assessing and improving the service we provide.

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