



REPORT TO: PERFORMANCE & AUDIT COMMITTEE – 28 NOVEMBER 2017
REPORT ON: DUNDEE INTEGRATION JOINT BOARD INTERNAL AUDIT PLAN 2017/18
REPORT BY: CHIEF FINANCE OFFICER
REPORT NO: PAC37-2017

1.0 PURPOSE OF REPORT

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 Notes the content of this report and approves the proposed Dundee Integration Joint Board 2017/18 Internal Audit Plan as outlined in Appendix 1.

3.0 FINANCIAL IMPLICATIONS

None.

4.0 MAIN TEXT

4.1 Following confirmation of Dundee Integration Joint Board's (IJB) Internal Audit arrangements at the Performance and Audit Committee held on 12 September 2017 (Article VI of the minute of the meeting refers), 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 2017/18. 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 (see Appendix 1). The substantive areas of audit planned are in relation to risk management and the IJB's Transformation Programme, both of which are planned to be completed by early 2018. 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.

4.2 As per Audit Scotland's recommendation and subsequent agreed action following the Dundee IJB External Audit Annual Report 2016/17, presented to the Performance and Audit Committee held on 12 September 2017 (Article IV of the minute of the meeting refers), progress of the Internal Audit Plan will become a standing item on future 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

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

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 November 2017

1. BACKGROUND

As stated in the Integrated Resource Advisory Group (IRAG) guidance, it is the responsibility of the Integration Joint Board (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 March 2016, Fife, Tayside and Forth Valley Audit and Management Services (FTF) were appointed as the IJB's Internal Audit Service annually on an ongoing basis.

Resources to deliver the plan will be provided by the NHS Tayside and Dundee Council Internal Audit services. A total of 40 days have been included in the 2017/18 Internal Audit Plans of the parties.

The 2016/17 Internal Audit Plan stated that '*Within the first year, we will identify areas for inclusion within the audit universe and develop a 3 year strategic audit plan congruent with the IJB's risk register.*' However, it is now clear that the development of a 3 year plan would not be appropriate given the emergent nature of the IJB, the continuous development and understanding of the control and risk environment in which the IJB operates and the changing needs of the organisation. It has therefore been concluded that 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 Chief Internal Auditors 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 part of this paper below. Performance & Audit Committee members are asked to note the audits highlighted which are likely to be shared under the protocol for sharing Internal Audit outputs as presented separately on the agenda and 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 2017/18 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 developments identified by management and recommendations from our 2016/17 Annual Internal Audit Report, as well as 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.

The proposed plan is set out below:

Ref	Audit	Indicative Scope	Days	Target Audit Committee
D01-18	Audit Planning	Agreeing audit universe and preparation of strategic plan	3	November 2017
D02-18	Audit Management	Liaison with managers and Directors and attendance at Audit Committee	4	Ongoing
D03-18	Annual Internal Audit Report	Chief Internal Auditor's annual assurance statement to the IJB and review of governance self-	7	June 2018

Ref	Audit	Indicative Scope	Days	Target Audit Committee
		assessment		
D04-18	Risk Management	Review of systems of risk management, assessment of risk maturity and consideration of assurances mechanisms for key controls	10	February 2018
D05-18	Transformation & Service Redesign	Addresses Corporate Risks 2/9/10 Review of system for prioritisation of service redesign options, financial impact and link to savings plans, stakeholder engagement and project management	16	April 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 and is presented separately, as is the Protocol for sharing Internal Audit Outputs.

4. CONSULTATION

The Chief Officer, the Chief Finance Officer and the Head of Community Health and Care Services have been consulted on the content of this paper. The draft plan has also been issued to the Head of Internal Audit of Dundee Council and the IJB's external auditors for comment.

A Gaskin BSc ACA
Chief Internal Auditor

Audit Need Assessment based on Dundee IJB Strategic Risk Register as at January 2017					
	Risk Title / Description	Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
			L = Likelihood C = Consequence		
1	<p>Risk type- Financial</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= 5 C= 4</p> <p><u>20 (Very High)</u></p>	<p>L= 4 C= 4</p> <p><u>16 (Very High)</u></p>	<p>Included? No</p> <p><u>Rationale</u> Other relevant assurance is available The 2017/18 NHS Tayside Internal Audit plan contains consideration of savings plans, medicines management and rostering, all of which have an impact on Dundee IJB.</p>
2	<p>Risk type- Financial</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= 5 C= 4</p> <p><u>20 (Very High)</u></p>	<p>L= 4 C= 4</p> <p><u>16 (Very High)</u></p>	<p>Included? Yes</p> <p><u>Rationale</u> High risk. Savings plans and transformation/service redesign to be reviewed. Added value opportunity-controls have small impact and</p>

Audit Need Assessment based on Dundee IJB Strategic Risk Register as at January 2017					
	Risk Title / Description	Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
			L = Likelihood C = Consequence		
3	<p>Risk type- Workforce</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 C= 4</p> <p><u>16 (Very High)</u></p>	<p>L= 2 C= 4</p> <p><u>8 (Medium)</u></p>	<p>Included? No</p> <p><u>Rationale</u> Reviewed within 2016/17 audit plan Further assurance available NHS Tayside audit T22/18 Workforce planning (including capable and effective workforce) which will cover partnership staff employed by the health board.</p> <p>Further assurance will need to be provided in future audit plans.</p>
4	<p>Risk type- Workforce</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= 4 C= 4</p> <p><u>16 (Very High)</u></p>	<p>L= 3 C= 3</p> <p><u>9 (Medium)</u></p>	<p>Included? No</p> <p><u>Rationale</u> Reviewed within 2016/17 audit plan Further assurance available NHS Tayside audit T22/18 Workforce planning (including capable and effective workforce) which will cover partnership staff employed by the health board.</p> <p>Further assurance will need to be provided in future audit plans.</p>

Audit Need Assessment based on Dundee IJB Strategic Risk Register as at January 2017					
	Risk Title / Description	Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
			L = Likelihood C = Consequence		
5	<p>Risk type- Workforce</p> <p>Differing employment terms could expose the partnership to equality claims and impact on staff morale.</p>	Chief Officer	<p>L= 3 C= 5</p> <p><u>15 (High)</u></p>	<p>L= 3 C= 5</p> <p><u>15 (High)</u></p>	<p>Included? No</p> <p><u>Rationale</u> Reviewed within 2016/17 audit plan Further assurance available NHS Tayside audit T22/18 Workforce planning (including capable and effective workforce) which will cover partnership staff employed by the health board.</p> <p>Further assurance will need to be provided in future audit plans.</p>
6	<p>Risk type- Governance</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= 2 C= 4</p> <p><u>8 (Medium)</u></p>	<p>L= 1 C= 3</p> <p><u>3 (Low)</u></p>	<p>Included? Partly</p> <p><u>Rationale</u> Low current risk score. To be taken into account as part of planning of 2017/18 audits. Impacts on ability to affect service redesign.</p>

Audit Need Assessment based on Dundee IJB Strategic Risk Register as at January 2017					
	Risk Title / Description	Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
			L = Likelihood C = Consequence		
7	Risk type- Governance 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.	Chief Officer	L= 3 C= 4 <u>12 (High)</u>	L= 3 C= 3 <u>9 (Medium)</u>	Included? No <u>Rationale</u> Will be reviewed as part of Annual Internal Audit report 2017/18. Being considered by the Governance Review Group which includes IJB Chief Officer and Chief Finance Officers, following which discussion will take place with Dundee City Council
8	Risk type- Governance Clinical, Care & Professional Governance arrangements being established fail to discharge the duties required.	Chief Officer	L= 4 C= 4 <u>16 (Very High)</u>	L= 2 C= 4 <u>8 (Medium)</u>	Included? No <u>Rationale</u> Reviewed within 2016/17 audit plan
9	Risk type- Governance 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 C= 3 <u>9 (Medium)</u>	L= 3 C= 3 <u>9 (Medium)</u>	Included? Partly <u>Rationale</u> To be taken into account as part of planning of 2017/18 audits. Impacts on ability to affect service redesign. Control measures have no impact on score at present- opportunity for added value.

Audit Need Assessment based on Dundee IJB Strategic Risk Register as at January 2017					
	Risk Title / Description	Owner Manager	Current Risk Level	Planned Risk Level	Internal Audit coverage 2017-18
			L = Likelihood C = Consequence		
10	<p>Risk type- Legal</p> <p>Amendment of legislation or publication of further guidance from Government which conflicts with planning assumptions, requiring decisions already made to be revisited which may lead to further slippage of previously agreed timescales.</p>	Chief Officer	<p>L= 3 C= 3</p> <p><u>9 (Medium)</u></p>	<p>L= 3 C= 3</p> <p><u>9 (Medium)</u></p>	<p>Included? Partly</p> <p>Rationale To be taken into account as part of planning of 2017/18 audits. Impacts on ability to affect service redesign. Control measures have no impact on score at present- opportunity for added value.</p>

The draft annual governance statement does not include specific identified areas for improvement but includes a commitment to develop an action plan to address the recommendations contained in the annual internal audit report for 2016/17 for the finalised annual accounts. We have therefore assessed audit needs against each if the developments as well as further recommendations identified by our annual internal audit report:

Audit Needs Assessment based on 2016/17 Annual Internal Audit report	Source	Internal Audit coverage 2017-18
Developments		
Development of operational risk register	Dundee IJB Annual Internal Audit Report 2016/17	Included? Yes <u>Rationale</u> To be included in all Tayside IJB audit plans to provide an assessment of the IJB's risk maturity which is a necessary precondition for risk based internal audit
Further clarification on Large Hospital services and set aside budget.	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> This is an area in progress and would best be reviewed once settled arrangements have been in place and operating for a period sufficient to allow meaningful assessment.
Corporate Support	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Reviewed within 2016/17 audit plan
Contribution towards the development of the Local Outcome Improvement Plan for Dundee.	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Low risk to IJB

Audit Needs Assessment based on 2016/17 Annual Internal Audit report	Source	Internal Audit coverage 2017-18
Performance management	Dundee IJB Annual Internal Audit Report 2016/17	<p>Included? No</p> <p><u>Rationale</u> Limited audit resource focused on areas of highest risk to the achievement of the IJB's strategic objectives</p>
Best Value	Dundee IJB Annual Internal Audit Report 2016/17	<p>Included? No</p> <p><u>Rationale</u> Will be reviewed as part of Annual Internal Audit report 2017/18</p>
Developments on Clinical & Care governance	Dundee IJB Annual Internal Audit Report 2016/17	<p>Included? No</p> <p><u>Rationale</u> Reviewed within 2016/17 audit plan</p>
Living wage commitment	Dundee IJB Annual Internal Audit Report 2016/17	<p>Included? No</p> <p><u>Rationale</u> Limited audit resource focused on areas of highest risk to the achievement of the IJB's strategic objectives</p>
Information Sharing Protocol for a new client management system.	Dundee IJB Annual Internal Audit Report 2016/17	<p>Included? No</p> <p><u>Rationale</u> Limited audit resource focused on areas of highest risk to the achievement of the IJB's strategic objectives</p>

Audit Needs Assessment based on 2016/17 Annual Internal Audit report	Source	Internal Audit coverage 2017-18
Recommendations		
Update of the IJB's Participation and Engagement Strategy to be presented to the IJB	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Limited audit resource focused on areas of highest risk to the achievement of the IJB's strategic objectives
Further work required across Tayside and Dundee to update the Memorandum of Understanding for Hosted Services	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> This is an area in progress and would best be reviewed once settled arrangements have been in place and operating for a period sufficient to allow meaningful assessment.
All key principles with regards to governance arrangements need to be agreed with associated formal written agreement setting out the precise responsibilities of the IJB, Tayside NHS Board and the Council in relation to operational activities and the exact nature of the delegation of functions to IJB's	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Will be reviewed as part of Annual Internal Audit report 2017/18. Being considered by the Governance Review Group which includes IJB Chief Officer and Chief Finance Officers, following which discussion will take place with Dundee City Council
Approach to Risk Management should be enhanced through expanding risk register to include assurances in place against controls for each risk, timescales and action and a review of risk management arrangements including the Risk Management Strategy	Dundee IJB Annual Internal Audit Report 2016/17	Included? Yes <u>Rationale</u> To be included in all Tayside IJB audit plans to provide an assessment of the IJB's risk maturity which is a necessary precondition for risk based internal audit

Audit Needs Assessment based on 2016/17 Annual Internal Audit report	Source	Internal Audit coverage 2017-18
Clarification of deputising arrangements for the Chief Officer to be presented to the IJB	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Will be reviewed as part of Annual Internal Audit report 2017/18
Consideration should be given to provide an action points update on decisions taken at previous meetings to be a standing item for IJB and Performance and Audit Committee	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Will be reviewed as part of Annual Internal Audit report 2017/18
A Scheme of Further Delegation needs to be documented for IJB services directed to NHS Tayside and Dundee City Council	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Will be reviewed as part of Annual Internal Audit report 2017/18
Consideration should be given to providing the IJB with reporting on workforce issues including the Workforce and Organisational Development Strategy as well as the partnership forum	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Reviewed within 2016/17 audit plan
Developments in relation to clinical and care governance should take into account the Social Work Scotland guidance document on Governance for quality social care in Scotland.	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Reviewed within 2016/17 audit plan
Consideration should be given to arrangements required by the IJB to comply with Freedom of Information and Public Records legislation	Dundee IJB Annual Internal Audit Report 2016/17	Included? No <u>Rationale</u> Information governance, Records management and FOI are important areas, albeit

Audit Needs Assessment based on 2016/17 Annual Internal Audit report	Source	Internal Audit coverage 2017-18
		<p>given that most information is held by the parties, reliance will need to be placed on their information governance systems. Information security for NHS Tayside is currently being reviewed and will include consideration of the steps taken to ensure that information sharing protocols with the IJBs are robust and are being monitored.</p> <p>However, this area may need to be reviewed in 2018/19 to consider the steps taken in response to the introduction of the GDPR.</p>

We also benchmarked against other IJBs and used our professional judgement to identify further potential audit areas. The risk management review will consider the completeness of the risk register and whether any further items, such as Health Equity, should be considered for inclusion.

NHS Tayside Internal Audit Plan 2017/18

NHS Tayside Operational Internal Audit Plan 2017-2018					
Reference		Description	Scope	2017/18 Days	
AUDIT PROCESS				64	
T	1	18	Audit Risk Assessment & Planning	Audit Risk Assessment & Operational Planning	13
T	2	18	Audit Management & Liaison with Directors	Audit Management, Liaison with Directors of Finance and other Officers	16
T	3	18	Liaison with External Auditors	Liaison and co-ordination with External Audit	4
T	4	18	Audit Committee	Briefings, preparation, attendance and action points	16
T	5	18	Clearance of Prior Year	Provision for clearance and reporting of 2016-17 Audit Reports	15
CORPORATE GOVERNANCE				104	
<i>Accountability and Assurance</i>					
T	6	18	Annual Internal Audit Report	CIA's annual assurance to Audit Committee	18
T	7	18	Governance Statement	Preparation of portfolio of evidence to support governance statement	18
T	8	18	Interim Review	Report to show progress and allow remedial action in-year	20
T	9	18	Audit Follow-up	Review of the audit follow-up mechanism & selective examination	5
<i>Control Environment</i>					
T	10	18	Code of Corporate Governance (SOs, SFIs and SoD)	To include assistance with development at Governance Review Group, provision of ad-hoc advice (inc. Risk Management)	8
T	11	18	Board, Operational Committees and Accountable Officer	CIA attendance at Board meetings and provision of advice	10
<i>Risk Management</i>					
T	12	18	Staff and Patient Environment	Including Health and Safety, Fire and Security	15
<i>Sustainability</i>					
T	13	18	Environmental Costs	Review of Carbon Reduction Commitment	10
HEALTH PLANNING				110	
<i>Health Plan</i>					
T	14	18	Strategic Planning	Advice and assistance from CIA around NHS Tayside design of system	10
<i>Service Monitoring</i>					
T	15	18	Organisational Performance Management	Benefits realisation for workstream programmes	20
<i>Effective Partnerships and Integrated Care</i>					
T	16	18	Health and Social Care Integration	Working with Local Authority Partners to deliver IJB Internal Audit plan. Ongoing review of Health Board HSCI risk and associated controls.	80
CLINICAL GOVERNANCE				85	
<i>Quality of Care</i>					
T	17	18	Clinical Effectiveness	Review the processes in place for Mortality reviews across the Surgery Directorate	20
<i>Patient Safety</i>					
T	18	18	Infection Control	Review of arrangements to manage the Corporate risk on control of HAI and adherence to policy	15
T	19	18	Medical Equipment and Devices	To include follow up of previous report T21-14 including Ransomware issue	20
T	20	18	Medicines Management	Arrangements for efficient and effective prescribing. Increased to 30 to cover PMG/Homecare/ Formulary compliance/Improving repeat prescribing systems	30
STAFF GOVERNANCE				45	
<i>Staff Governance Arrangements</i>					
T	21	18	Staff Governance (inc Remuneration Sub-Committee)	To include bi - annual review of Remuneration Committee Self assessment checklist	10
T	22	18	Workforce planning including capable and effective workforce	Review of workforce planning and monitoring to deliver the right workforce in the short, medium and long-term. Bench marking of investigations process. Benefits realisation of rostering changes	35
FINANCIAL ASSURANCE				30	
<i>Accountability</i>					
T	23	18	Fraud & Probity arrangements	Input of Regional Audit Manager as the Board's Deputy Fraud Liaison Officer and input to National Fraud Initiative	10
<i>Use of Resources</i>					
T	24	18	Savings Programme	Identification, delivery and reporting of savings	20
CAPITAL INVESTMENT				10	
T	25	18	Property Transaction Monitoring and Property disposals	Post Transaction Monitoring	10
TRANSACTION SYSTEMS				23	
T	26	18	Financial Process Compliance	Compliance testing of central payroll, travel, accounts payable, account receivable, bank arrangements	15
T	27	18	National Payroll Maintenance	Assurance on the maintenance of the Scottish Standard Payroll System	8
ENDOWMENT FUNDS				30	
T	28	18	Endowments	Review of endowments on 5 year risk based audit plan	30
INFORMATION GOVERNANCE				10	
<i>Data</i>					
T	29	18	NHS Scotland Waiting Times Methodology	Annual independent assurance over the monthly audit process and control matrix evaluation of Trakcare	10
CONTINGENCY				50	
<i>Contingency</i>					
T	30	18	Contingency	Contingency reserve for investigations and reviews	10
T	31	18	Departmental Reviews	Tailored reviews of individual departments/wards/programmes selected following detailed discussion with mana	40
TOTAL				561	

DUNDEE CITY COUNCIL INTERNAL AUDIT PLAN 2017/18

REPORT TO: SCRUTINY COMMITTEE - 19 APRIL 2017

REPORT ON: 2017/18 INTERNAL AUDIT PLAN

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 133-2017

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee the Internal Audit Plan for the 2017/18 financial year as detailed at Appendix A.

2.0 RECOMMENDATIONS

Members of the Committee are asked to note the information contained within this report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

4.1 The Public Sector Internal Audit Standards (PSIAS), which came in to effect in April 2013, set out the requirements in respect of professional standards for all internal audit service providers within the public sector. The key standards within the PSIAS that relate to the preparation of the internal audit plan are as follows:

- Standard 2010 – Planning, which states that *“the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisations goals”*.
- Standard 2020 – Communication and Approval, which states that *“the chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations”*.

4.2 In practice within Dundee City Council, a risk-based plan for the organisation, outlining the planned programme of work to be undertaken by the Internal Audit Service, is developed annually by the Senior Manager – Internal Audit. Due to the environment in which local government operates and the potential corresponding challenges, the plan requires to be sufficiently flexible to enable it to respond to changes in the organisation’s risks and priorities. In developing the plan, cognisance is also taken of the risk management framework and the risk maturity of the organisation. However, where it is viewed that this area is not sufficiently well developed, the Senior Manager – Internal Audit is required to undertake a separate risk assessment to support the development of the plan. As part of that supplementary risk assessment process, input from key stakeholders is considered.

4.3 Whilst the organisation is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements, a fundamental role of the Council’s Internal Audit Service is to provide Members and senior management with independent and objective assurance, which is designed to add value and improve operations.

4.4 In addition, the Senior Manager – Internal Audit is required to prepare an annual internal audit opinion on the adequacy of the Council’s overall control environment. The plan should, therefore, include a work programme that is sufficient enough to enable the opinion to be provided. This opinion is also included within the Internal Audit Annual Report, which is reported to Members of the Scrutiny Committee on an annual basis.

4.5 Key components of the internal audit planning process include having a clear understanding of the Council’s functions, associated risks and potential range and breadth

of audit areas for inclusion within the plan. This exercise is also informed by significant developments at both a national and local level as well as other relevant background information contained for example within the Council Plan, Service Plans, reports from external inspection bodies and committee reports. In addition, as in previous years, to capture potential areas of risk and uncertainty, including emerging risks, key stakeholders have been consulted. This year the consultation exercise included detailed discussions with all Service Management Teams, the ICT Extended Management Team, the Service Manager – Community Safety and Development, the Corporate Procurement Manager and other key stakeholders such as the Dundee Integrated Joint Board and its Chief Internal Auditor, Leisure and Culture Dundee and Audit Scotland, the Council's appointed external auditor. Elected Member consultation was introduced this year and discussions took place with 7 of the 8 Scrutiny Committee Members. Of the order of fifty five stakeholders were consulted as part of this exercise.

- 4.6** The proposed portfolio of work to be included within the 2017/18 Internal Audit Plan is summarised at Appendix A. The layout of the plan as presented to Committee follows that used in previous years, with proposed reviews being grouped into key themes which are integral to the assurance gathering process across the organisation's activities. For each of the reviews included within the plan there is a brief summary of the proposed coverage and the inherent risk rating from an internal audit perspective. It is anticipated that there will be internal controls in place to mitigate these risks, however, the level of controls and the reliability that can be placed on them cannot be confirmed until the audit reviews have been undertaken. This has been prepared on the basis of discussions and review of relevant background information gathered as part of the audit planning process. In line with good practice, a more detailed brief containing background information, scope, overall / specific objectives, reference sources and timing of the review will be compiled and agreed with the client prior to commencement of the audit fieldwork.
- 4.7** It has been recognised for a number of years that the nature of internal audit work is extremely diverse and, therefore, a varied portfolio of professional skills and technical competencies is required to successfully deliver the plan. It is difficult, as a result, to ensure continued provision of all necessary skills, particularly where the in-house team is small. To address this, the internal audit services are currently delivered utilising a mix of in-house staff and, for specific pieces of work, via resources procured through the Council's co-sourcing partnership with PwC, which commenced in January 2014. For the projects contained in the 2017/18 Internal Audit Plan, whilst the co-source provider may change as a result of the ongoing tender exercise, this approach will continue.
- 4.8** For the 2017/18 financial year, it is estimated that the total productive days available for audit work will be of the order of 800 days. Approximately 85% of these productive days will be assigned to reviews which will commence during 2017/18 and the balance will be allocated across advice and guidance, specific investigations, undertaking follow-up and progress reviews and finalising prior year work that is currently ongoing / nearing completion. It should be noted, however, that whilst the 2017/18 Internal Audit Plan, including the estimated resources, has been prepared on the best information currently available, it may require to be amended during the financial year to reflect changing risks and priorities. As required under the PSIAS, any significant interim changes to the planned programme of work will be reported to the Scrutiny Committee.

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 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: 29 March 2017

2017/18 INTERNAL AUDIT PLAN	Proposed Coverage	Inherent Risk
Governance Reviews		
Dundee Health and Social Care Partnership	To support the Dundee Integrated Joint Board (IJB) Chief Internal Auditor through the provision of a number of internal audit reviews within the services operationally delegated to the IJB.	High
Festivals and Events	Review to assess the governance arrangements in place corporately to support festivals and events and ensure associated risks, including health and safety risks, are identified and mitigated.	High
Trips and Holidays	Review of the risk assessment process and related arrangements in place within the Children and Families Service for trips and holidays attended by school pupils and children in residential care.	High
Public Performance Reporting*	Assessment of the data sets in respect of organisational performance formally reported as part of the Council's Public Performance Reporting framework.	Medium
Out of Hours Service	Review to assess the effectiveness of the out of hours service currently operating within the Children and Families Service from a business continuity perspective.	Medium
Service Governance Arrangements	High level review, following the Council's reorganisation, to assess the progress made towards integrating key governance arrangements within the new services.	High
ICT Reviews		
User Access Levels	High level review of the appropriateness of user access levels and associated permissions for the Council's key IT systems as identified via the business continuity planning exercise.	High
Data Security*	Review of the internal controls in place to reduce the risk of unauthorised access of data through the use of passwords, including the resetting process.	High
Covalent	Review to assess the effectiveness of the utilisation of Covalent, the Council's performance and risk management system.	Medium
Keystone Asset Management	Review to assess the effectiveness of the implementation of the new CIVICA Keystone Asset Management system procured by Neighbourhood Services.	High
E-mail Security	Review of the internal controls in place to reduce the risk of information, transmitted via e-mail, being accessed inappropriately.	High

2017/18 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk
Systems Reviews		
Bankers Automated Clearing System (BACS)	To assess the adequacy of the processes and controls in place surrounding the preparation and transmission of BACS transactions via the Microgen Bacway IP Professional System.	High
Dundee Partnership Grant Funding	Review of the processes in place for receiving, recording, assessing, approving, allocating and monitoring Community Regeneration Fund and Community Infrastructure Fund grant applications.	Medium
Construction Services*	End to end review of the materials requisitioning, ordering, invoicing and payment process within the Council's Construction Services.	Medium
Lone Working	Risk based assessment and review of the arrangements in place to deliver a safe working environment for employees who are required to work alone.	High
Data Integrity*	High level review of the accuracy of some of the performance indicators in the new corporate suite of indicators, which are considered by management to be critical to the decision making process.	High
Carbon Reduction Commitment and Climate Change	A review of the Council's annual submission for the Carbon Reduction Commitment Energy Efficiency Scheme and arrangements in place to meet climate change targets.	High
Energy Management*	Review of the Council's strategic and operational approach to managing and monitoring energy consumption and the identification of potential opportunities to make improvements.	Medium
Pension Fund	Review to assess if the Altair self-service module is being fully utilised by scheduled and admitted bodies and anticipated benefits are being realised.	Medium
Leavers Process	Review to assess the adequacy of the processes and procedures in place surrounding the notification and processing of leavers.	High
Integrated Impact Assessments	Review to ensure the new Integrated Impact Assessments process and associated staff guidance is being complied with throughout the Council.	Medium
Leisure and Culture Dundee	High level review of the arrangements in place within Leisure and Culture Dundee to identify, manage and mitigate health and safety risks.	High
ABC Multi-operator Smartcards	Review of the system established within the Council to discharge its new independent ABC scheme administrator responsibilities.	Low

2017/18 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk
Systems Reviews (cont'd)		
Electric Vehicles Parking	Review to assess the operational arrangements in place to support the Council's commitment of offering free parking to those with electric vehicles.	Medium
ParentPay	Review to assess the efficiency and effectiveness of the implementation and operation of the ParentPay system within schools.	Medium
Procurement / Contract Reviews		
Contract Specifications*	High level review of the arrangements in place to ensure that the specification of requirements in procured contracts is compiled in line with good procurement practice.	High
Contract Management	Review of contract management arrangements to ensure that compliance with specification of requirements is being adequately monitored and, where appropriate, remedial action is being taken.	High
e-tendering	Review within the Council and Tayside Procurement Consortium of the processes in place for e-tendering to ensure that they are robust and in line with procurement legislation.	High
Financial Reviews		
Grant Claims	To provide confirmation for specified grant claims that the required terms and conditions have been complied with.	Low
IR35 (Intermediaries Legislation)	Review to assess that the Council's responsibilities following the reform of IR35 for deducting / paying income tax and NI contributions are being effectively discharged.	High
Pupil Equity Funding	Review of the framework in place to administer the new pupil equity funding and ensure that it is being utilised in line with the new National Operational Guidance.	Medium
Stocks and Inventories	Review of arrangements in place to ensure that procedures and processes are to the required standards and records are complete and accurate.	Low

2017/18 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk
Contingency		
Advice and Guidance	Provision of ad-hoc support to assist services in respect of specific queries and contribute to the delivery of improvements in the Council's control environment.	N/A
External Quality Assessment Process	As part of the peer review process developed to ensure conformance with the PSIAS, prepare for and assist with the Council's external quality assessment of its Internal Audit Service.	N/A
Follow-up Reviews	<p>Specific reviews undertaken by internal audit staff to provide formal assurances to management and Elected Members that recommendations previously agreed have been implemented.</p> <ul style="list-style-type: none"> • Internal Audit Report No. 2015/12 – Regulation of Investigatory Powers • Internal Audit Report No. 2015/16 – Procurement • Internal Audit Report No. 2015/19 – Employability and Skills • Internal Audit Report No. 2015/32 – Pay on Foot Parking • Internal Audit Report No. 2015/30 – Sub-contractors 	Medium
Prior Year Work	Finalisation of projects that are currently ongoing / nearing completion.	Medium
Progress Reviews	Completion of the annual exercise whereby formal assurances are obtained from management that internal audit recommendations have been implemented.	Medium
Specific Investigations	To respond to requests for advice and assistance as required in respect of cases of suspected fraud, corruption or malpractice.	N/A
Internal Audit Tender Exercise	Completion of tender evaluation, including presentations and award.	N/A

* Reviews carried forward that will commence during 2017/18