



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

The purpose of this report is to consider the proposed Dundee Integration Joint Board's 2018/19 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.
- 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)	<ul style="list-style-type: none"> - 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 Dundee City Council and NHS Tayside are included as Appendices B & C 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.

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	L= 4 I= 4 <u>16</u>	L= 3 I= 4 <u>12</u>	<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	L= 4 I= 4 <u>16</u>	L= 3 I= 3 <u>9</u>	<p>Included? Yes</p> <p><u>Rationale</u> High risk, no previous coverage</p>
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	L= 4 I= 4 <u>16</u>	L= 3 I= 3 <u>9</u>	<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>

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		
4	Staff Perception of Integration 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.	Chief Officer	L= 3 I= 3 <u>9</u>	L= 2 I= 3 <u>6</u>	Included? No <u>Rationale</u> Low current risk score.
5	Employment Terms Differing employment terms could expose the partnership to equality claims and impact on staff morale.	Chief Officer	L= 3 I= 5 <u>15</u>	L= 3 I= 2 <u>6</u>	Included? No <u>Rationale</u> Previous coverage Included in previous audit plan. Report issued March 2018. Further assurance to be provided in future audit plans following implementation of previous recommendations.
6	Stakeholders not included/ consulted 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.	Chief Officer	L= 1 I= 3 <u>3</u>	L= 1 I= 3 <u>3</u>	Included? No <u>Rationale</u> Low current risk score.

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		
7	Increased Bureaucracy 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= 4 I= 3 <u>12</u>	L= 3 I= 3 <u>9</u>	Included? Yes <u>Rationale</u> High Risk and links to overall governance & assurance framework
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.

2018/19 INTERNAL AUDIT PLAN	Proposed Coverage	Inherent Risk / CRR Risk No.
<i>Governance Reviews</i>		
Dundee Health and Social Care Partnership	To support the Dundee Integrated Joint Board (IJB) Chief Internal Auditor through the provision of internal audit reviews relating to the services operationally delegated to the IJB.	High CR2
Transformational Change	Review of the arrangements in place to manage the Council's transformational change agenda, C2022, including the identification, demonstration and reporting of proposed savings.	High CR11
General Data Protection Regulations (GDPR)	High level review of the Council's approach to implementing GDPR, with a view to ensuring its statutory duties are effectively discharged.	High CR7
Brexit	Review the arrangements in place to assess and report on the potential impacts of Brexit, including the development and implementation of a comprehensive contingency plan.	High CR9
Risk Management Arrangements	Review of the progress made towards improving the Council's risk management arrangements at a corporate and service level against recognised good practice.	High CR5
Waterfront Project	High level review of the governance arrangements in place to manage, monitor and report on the £1 billion waterfront regeneration project.	High CR4 & 10
Communication Strategy	Review to assess the effectiveness of the implementation of the Council's new corporate communication strategy, including how it helps manage reputational risk within the organisation.	High All
Fraud Governance	To assess the robustness of the framework in place within the Council to identify potential risks arising from fraud and the measures in place to mitigate these.	High CR5
<i>ICT Reviews</i>		
User Access Levels (Phase 2)	High level review of the appropriateness of user access levels and associated permissions for a number of the Council's key IT systems as identified via the business continuity planning exercise.	High CR7
Keystone Asset Management*	Review to assess the effectiveness of the implementation of the new CIVICA Keystone Asset Management system procured by Neighbourhood Services.	High CR5 & 9

2018/19 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk / CRR Risk No.
<i>Systems Reviews</i>		
Health and Safety	Review of the risk assessment process in place within the Council to examine work activities and identify, manage and mitigate corresponding health and safety risks.	High CR6
Mosaic	Review to assess the effectiveness of the new MOSAIC system procured by the Council in relation to deployment and achievement of expected outcomes.	High CR7 & 9
DWP Appointeeships	Review of the arrangements in place within the Council for the management of DWP benefits for clients who are deemed incapable of managing their own affairs.	Medium CR9
Attainment Challenge	Review of the arrangements in place to ensure that Attainment Scotland Fund monies are being appropriately utilised to ensure children and young people in Dundee are achieving their full potential.	High CR4
Fleet Management	Review of the arrangements in place for licensing, checking and maintaining Neighbourhood Services' vehicle fleet to ensure compliance with the regulatory system for commercial vehicles.	High CR9
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 CR9
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 CR1 & 5
Health and Safety Contracts	Review of the Council's processes, procedures and controls in place to ensure compliance through health and safety contracts with relevant statutory requirements and best practice.	High CR6
Integrated Impact Assessments*	Review to ensure the new Integrated Impact Assessments process and associated staff guidance is being complied with throughout the Council.	Medium CR5
Leisure and Culture Dundee	Review of the arrangements in place for income collection and recording through the MRM system, the integrity of which is considered by management to be critical to the strategic decision making process.	High CR2
ABC Multi-operator Smartcards*	Review of the system established within the Council to discharge its new independent ABC scheme administrator responsibilities.	Low CR2
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 CR9

2018/19 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk / CRR Risk No.
<i>Procurement / Contract Reviews</i>		
Procurement Reform	Review to assess the Council's progress towards reforming its procurement practices, including no purchase order no pay policy, and achieving sustainable procurement in line with national guidance.	High All
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 All
<i>Financial Reviews</i>		
Grant Claims	To provide confirmation for specified grant claims that the required terms and conditions have been complied with.	Low CR1
Council Tax	Review of the arrangements in place within the Council to administer and monitor entitlements for Council Tax Reduction.	High CR1
Internal Financial Controls	Review to determine progress made by the Council towards implementing the recommendations made by PwC following the serious fraud incident.	High CR1
Housing Capital Plan	To assess the planning, monitoring and reporting arrangements in place for the programme of capital works contained within the approved Housing Capital Budget.	High CR1 & 10
Stocks and Inventories	Review of arrangements in place to ensure that procedures and processes are line with Council guidance and records are complete and accurate.	Low CR1

2018/19 INTERNAL AUDIT PLAN (cont'd)	Proposed Coverage	Inherent Risk / CRR Risk No.
<i>Contingency</i>		
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
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. 2015/06 – Financial Systems • Internal Audit Report No. 2016/10 – ICT Risk Management • Internal Audit Report No. 2016/13 – Information Governance • Internal Audit Report No. 2016/21 – Revenue Monitoring • Internal Audit Report No. 2016/28 – Dangerous Buildings and Public Safety 	N/A
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.	Medium

NHS Tayside Operational Internal Audit Plan 2018-2019

Reference			Description	Scope
AUDIT PROCESS				
T	1	19	Audit Risk Assessment & Planning	Audit Risk Assessment & Operational Planning
		19	Audit Management & Liaison with Directors	Audit Management, Liaison with Directors of Finance and other Officers
T	2			
T	3	19	Liaison with External Auditors	Liaison and co-ordination with External Audit
T	4	19	Audit Committee	Briefings, preparation, attendance and action points
T	5	19	Clearance of Prior Year	Provision for clearance and reporting of 2017-2018 Audit Reports
CORPORATE GOVERNANCE				
			<i>Accountability and Assurance</i>	
T	6	19	Annual Internal Audit Report	CIA's annual assurance to Audit Committee
T	7	19	Governance Statement	Preparation of portfolio of evidence to support governance statement
T	8	19	Interim Review	Overall assessment of adequacy & effectiveness of the framework of internal control
T	9	19	Audit Follow-up	Review of the audit follow-up mechanism & selective examination
			<i>Control Environment</i>	
T	10	19	Code of Corporate Governance (SOs, SFIs and SoD)	Contribution to Governance Review Group
T	11	19	Board, Operational Committees and Accountable Officer	Attendance at Board meetings
T	12	19	Policies and Procedures	Identification, review, approval, communication and implementation of policies
			<i>Risk Management</i>	
T	13	19	Staff and Patient Environment	Overall assurance mechanisms for risk 28 - Health Safety

T	14	19	<i>Sustainability</i> Environmental costs	Final review of CRC targets
HEALTH PLANNING				
T	15	19	<i>Health Plan</i> Three Year Transformation Plan	Review of key programme management controls operating over the Transformation Plan as highlighted within T08/18
T	16	19	Improvement, innovation and operational planning	Review of specific projects
T	17	19	<i>Service Monitoring</i> Organisational Performance Reporting	Review of implementation of performance reporting improvements recommended in T08/18
T	18	19	Organisational Performance Management	Specific review of CAMHS service
T	19	19	<i>Effective Partnerships and Integrated Care</i> 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
CLINICAL GOVERNANCE				
T	20	19	<i>Patient Safety</i> Medical Equipment and Devices	Review of restructure of Medical Equipment groups following Internal audit recommendations
FINANCIAL ASSURANCE				
T	21	19	<i>Accountability</i> Fraud Liaison Officer duties	Deputy Fraud Liaison Officer duties including reporting to Audit Committee, annual fraud checklist, responding to risk assessment
T	22	19	<i>Use of resources</i> Savings programme	Review of new arrangements to identify, deliver and report on recurrent and non-recurrent savings

FINANCIAL MANAGEMENT

T	23	19	Financial Planning	Review of 2017/18 Strategic Financial Planning process to identify areas for improvement for 2018/19.
T	24	19	Financial Management	Budgetary control; reporting, remediation and data accuracy

CAPITAL INVESTMENT

T	25	19	<i>Capital Strategy</i> Property Management Strategy	Property strategy to support organisations strategies and priorities: purchase, disposal and maintenance.
T	26	19	<i>Capital and Property</i> Contract Management	Project appraisal, pre-contract arrangements, contract management and post implementation review
T	27	19	Property Transaction Monitoring and Property disposals	Post Transaction Monitoring, Efficient effective planning for property disposal
T	28	19	<i>Capital Finance</i> Asset control	Recording, identification and monitoring of assets.

TRANSACTION SYSTEMS

T	29	19	SSPS	
T	30	19	Ordering, Requisitioning & Receipt	Purchasing and requisitioning
T	31	19	Service contract expenditure	Contracts for services received including arrangements for PFI/PPP and the 3rd sector
T	32	19	Service Contract income	Identification, monitoring and financial control of contracts for services provided

ENDOWMENT FUNDS

T	33	19	Endowment Funds/Patients funds	Operation of endowment committee and compliance with national endowment guidance.
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INFORMATION GOVERNANCE

			<i>Information Governance Standards</i>	
T	34	19	Information Assurance/Information Security Framework	Implementation of NHSScotland information security policy framework including ICT Asset Security, e-health Business Continuity and Disaster Recovery
			<i>eHealth</i>	
T	35	19	eHealth Strategic Planning and Governance	Alignment of eHealth strategic plan with the Board's clinical strategy and transformation programme, the National eHealth Strategy. Review of supporting governance processes.
T	36	19	eHealth Project Management, Development, Procurement, Implementation and Training	eHealth Project Management and procurement processes including planning and implementation stage of eHealth projects, learning from previous experience

CONTINGENCY

			<i>Contingency</i>	
T	37	19	Departmental Reviews	Review requested by management, focused on rostering within support and admin services as well as medical staffing

TOTAL

