



REPORT TO: PERFORMANCE & AUDIT COMMITTEE – 22 NOVEMBER 2023

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

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: PAC48-2023

1.0 PURPOSE OF REPORT

1.1 This paper provides the Performance and Audit Committee (PAC) with an update on progress against the last remaining outstanding review from the 2022/23 internal audit plan as well as work relating to 2023/24. This report also includes internal audit reports that were commissioned by the partner Audit and Risk Committees, where the outputs are considered relevant for assurance purposes to Dundee IJB.

2.0 RECOMMENDATIONS

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

2.1 Notes the progress of the outstanding internal audit review and progress against the 2023/24 internal audit plan.

3.0 FINANCIAL IMPLICATIONS




3.1 None.

4.0 MAIN TEXT

4.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor (CIA) reports periodically to the Audit Committee (the PAC in the case of Dundee City IJB) on activity and performance relative to the approved annual plan. We have previously set out that audit work is planned so as to allow the Chief Internal Auditor to provide the necessary assurances prior to the signing of the accounts.

4.2 The one remaining review (D06/23 Operational Planning) has now been issued in draft. The PAC approved the 2023/24 Internal Audit Plan at the September 2023 meeting and progress is set out in Appendix 1. Internal Audit has undertaken the work in relation to D04/24 Governance & Assurance to support improvements in Audit Follow Up and Governance Action Plan monitoring, and the results will feed into future reports to the Committee.

4.3 Working with our partners in Dundee City Council, we are committed to ensuring that internal audit assignments are reported to the target Performance & Audit Committee. Following a suggestion at the September 2021 PAC (Article VIII of the minute of meeting of this Committee of 29th September 2021 refers) the progress of each audit has been risk assessed and a RAG rating added showing an assessment of progress using the following definitions:

Risk Assessment		Definition
Green		On track or complete
Amber		In progress with minor delay
Red		Not on track (reason to be provided)

- 4.4 An update on the progress of all the IJB's Internal Audits is shown in Appendix 1. Resources to deliver these audits are provided by NHS Tayside and Dundee City Council Internal Audit Services.
- 4.5 In order that all parts of the system receive appropriate information on the adequacy and effectiveness of internal control within their purview, including controls operated by other bodies which impact on their control environment, an output sharing protocol was developed and approved by all partners' respective audit committees which covers the need to share internal audit outputs beyond the organisation that commissioned the work, in particular where the outputs are considered relevant for assurance purposes. The following reports are considered relevant and are summarised here for information. It should be noted that the respective Audit and Risk Committees of the commissioning bodies are responsible for scrutiny of implementation of actions.

NHS Tayside reports:

Report	Opinion	Key findings
T15/23 Strategic Planning	Reasonable assurance	<p>Strategic Risk 1316 – Development of Strategy focuses on failure to develop a fit for purpose organisational strategy resulting in the inability to deliver safe, effective care and clinical services.</p> <p>The scope of this audit reflected work proportionate to the organisation's stage of strategic development. We will provide input to the development and implementation of Strategy during 2023-24.</p> <p>Internal Audit previously reported the requirement to ensure effective governance and oversight of strategy development, so that the Board can be engaged at all stages of the process, approve key strategic assumptions and principles, and formally scrutinise arrangements in line with an agreed timetable. While senior officers are clear that development of key strategic direction is necessary, this is not yet visible within reporting to Board and Standing Committees.</p> <p>The Deputy Chief Executive commenced on 6 November 2023 and will provide overall direction and ensure consistency across all elements of the new strategy.</p> <p>We have identified key features that should be incorporated in the strategy development process. Management have noted these recommendations and agreed that they will be addressed more fully by the Deputy Chief Executive.</p> <p>Once a strategy project plan and timetable has been developed by the Deputy Chief Executive, and approved by the Board, the Board Secretary will ensure that the reporting arrangements are embedded within Tayside NHS Board's work plan.</p> <p>As the organisation starts to consider medium and longer-term strategy, this would be an opportune time to undertake a full stock take of previous transformative projects to determine if and how they fit with NHS Tayside's longer-term strategy</p>

		<p>(when agreed) and enhance sustainable service delivery, as well as learning key lessons from both successes and failures which will increase the likelihood of successful transformation in future.</p> <p>This risk has been further developed to include controls and action following receipt of the draft of this report.</p>
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Dundee City Council reports:

Report	Opinion	Key findings
General Ledger	Limited	<p>Weaknesses exist in the system of control which give rise to significant risk. There is no formal documentation of processes, procedures, and controls, inhibiting our ability to assess whether these are adequate to address operational risks. The Finance function has also been affected by issues of capacity and the loss of experienced members of staff. Resolving these issues is the focus of the Service Improvement Plan which is presently in development. Some internal audit recommendations in this area are long outstanding and are yet to be fully implemented. We have raised a number of recommendations with a focus on ensuring that these actions and those set out in the Service Improvement Plan are prioritised and plans are realistic in the context of resourcing pressure.</p> <p>Internal Audit have identified the following areas for improvement:</p> <ul style="list-style-type: none"> • Controls over the accuracy and completeness of information uploaded to the ledger from other financial systems are not well designed. Capacity issues mean that they are not implemented consistently across all financial feeder systems, and as a result are not operating effectively. • Processes and Procedures are not formally documented, meaning it is difficult for the function to demonstrate that adequate controls are in place and operating as intended. When experienced staff leave the organisation, their knowledge and understanding of processes is lost and may not be transferred to other employees or new employees. • The design of ledger management processes means that creating Committee reports requires a significant degree of manual compilation and validation of ledger information. • Financial reporting could be enhanced to support greater scrutiny of the accuracy and movement of forecast outturn over time. • Manual compilation of financial reporting for Committee and the frequency of reporting means that management and budget holders within Services have limited flexibility to tailor reporting to their needs. • The Finance function should assess the tools and knowledge available within the department to support reporting, and put in place a plan to identify and address any gaps.

Other Tayside IJB reports:

For this meeting, there are no other reports finalised by other Tayside IJBs that require reporting to the PAC.

5.0 POLICY IMPLICATIONS

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

6.0 RISK ASSESSMENT

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

7.0 CONSULTATIONS




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




8.0 BACKGROUND PAPERS

8.1 None.

Dave Berry
Chief Finance Officer

Date: 26/10/2023

Ref	Audit	Indicative Scope	Target Audit Committee & current RAG status	Planning Commenced	Work in Progress	Draft Report	Completed	Grade
Outstanding								
D06-23	Operational planning	<p>Related risk: All</p> <p>Planning and monitoring implementation of actions to deliver strategic priorities, including those arising from remobilisation and service plans</p> <p>*This review is being undertaken by the Dundee City Council Internal Audit department - Due to the complexities of the review and getting time with key managers, in particular over the summer period, has contributed to this review being delayed. Staff shortages has also impacted the production of the draft report</p>	<p>February 2023</p> <p>February 2024*</p> 	✓	✓	✓		
2023/24								
D01-24	Audit Planning	Audit Risk Assessment & Operational Planning.	<p>Complete</p> 	✓	✓	✓	✓	N/A
D02-24	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer, preparation of papers and attendance at Audit Committee.	<p>Ongoing/ May 2024</p> 	✓	✓			

Ref	Audit	Indicative Scope	Target Audit Committee & current RAG status	Planning Commenced	Work Progress in	Draft Report	Completed	Grade
D03-24	Annual Internal Audit Report (2022/23)	CIA annual assurance statement to the IJB and fieldwork to support this.	June 2023 (IJB) 	✓	✓	✓	✓	N/A
D04-24	Governance & Assurance	Additional work supporting improvements in AFU/GAP * See GAP agenda item	September 2023 February 2024* 	✓	✓	✓		
D05-24	Internal Control Evaluation	Holistic assessment of the internal control environment in preparation for production of 2023/24 Annual Report. Follow-up of previous agreed governance actions including Internal Audit recommendations.	May 2024 					
D06-24	Workforce	Related risk: Staff Resource Scope: coherent, co-ordinated, adequate and effective approach to managing significant workforce risks. Strategic & operational responses across the totality of the workforce, including contracted services and 3rd sector	February 2024 