

Notice of Meeting and Agenda Renfrewshire Health and Social Care Integration Joint Board Audit Committee

Date	Time	Venue
Friday, 31 January 2020	09:00	Abercorn Conference Centre, Renfrew Road, Paisley, PA3 4DR

KENNETH GRAHAM
Clerk

Membership

Councillor Lisa-Marie Hughes: Councillor Jennifer Adam-McGregor; Margaret Kerr: Dorothy McErlean: Alan McNiven: David Wylie

Margaret Kerr (Chair): Councillor Lisa-Marie Hughes (Vice Chair)

Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at <http://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>

For further information, please either email democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to reception where they will be met and directed to the meeting.

Items of business

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

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|----------|---|----------------|
| 1 | Minute | 3 - 6 |
| | Minute of meeting of the Integration Joint Board (IJB) Audit Committee held on 20 September 2019. | |
| 2 | Internal Audit Plan 2019/20 - Progress | 7 - 14 |
| | Report by Chief Internal Auditor. | |
| 3 | Annual Internal Audit Plan 2020/21 | 15 - 20 |
| | Report by Chief Internal Auditor. | |
| 4 | Audit Scotland Annual Audit Plan 2019/20 | 21 - 40 |
| | Report by Chief Finance Officer and Audit Scotland. | |
| 5 | Summary of Internal Audit Activity in Partner Organisations | 41 - 46 |
| | Report by Chief Internal Auditor. | |
| 6 | Proposed Dates of Meetings of the IJB Audit Committee 2020/21 | 47 - 48 |
| | Report by Clerk. | |



Minute of Meeting Renfrewshire Health and Social Care Integration Joint Board Audit Committee

Date	Time	Venue
Friday, 20 September 2019	09:00	Abercorn Conference Centre, Renfrew Road, Paisley, PA3 4DR

Present

Councillor Lisa-Marie Hughes and Councillor Jennifer Adam-McGregor (both Renfrewshire Council); Margaret Kerr (Greater Glasgow & Clyde Health Board); and Alan McNiven (third sector representative).

Chair

Margaret Kerr, Chair, presided.

In Attendance

Ken Graham, Head of Corporate Governance (Clerk) and Tracy Slater, Senior Committee Services Officer (both Renfrewshire Council); David Leese, Chief Officer and Sarah Lavers, Chief Finance Officer (both Renfrewshire Health and Social Care Partnership); and John Cornett, Audit Director and Mark Ferris, Senior Audit Manager (both Audit Scotland).

Declarations of Interest

There were no declarations of interest intimated prior to the commencement of the meeting.

Apology

David Wylie (Health Board staff member involved in service provision).

Order of Business

In terms of Standing Order 4.1 (iii), the Chair intimated that she proposed to alter the order of business to facilitate the conduct of the meeting by considering item 1 of the agenda after item 3 of the agenda.

1 Annual Audit Report on Integration Joint Board Accounts 2018/19

Under reference to item 6 of the Minute of the meeting of the Integration Joint Board (IJB) held on 28 June 2019, the Chief Finance Officer submitted a report outlining Audit Scotland's findings, attached as an appendix to the report, from the audit of the IJB's financial statements for 2018/19.

The report advised that, in terms of the Local Authority Accounts (Scotland) Regulations 2014, IJBs must meet to consider the annual accounts and aim to approve those accounts for signature no later than 30 September. The IJB audited annual accounts were due to be submitted to the IJB for approval at its meeting on 20 September 2019, following this meeting of the IJB Audit Committee.

The Audit Director, Audit Scotland intimated that the IJB's financial statements for 2018/19 had been prepared to a good standard, however, highlighted that, due to an administrative error, the required public notice for inspection and objection of the unaudited accounts had been outwith the statutory deadline of 17 June 2019. Although, this did not have any impact in this instance, it was recommended that the IJB request confirmation that this statutory requirement had been achieved in future.

DECIDED: That the Audit Scotland reports be noted.

Sederunt

Councillor Hughes entered the meeting during consideration of the following item.

2 Integration Joint Board Audited Annual Accounts 2018/19

Under reference to item 6 of the Minute of the meeting of the IJB held on 28 June 2019, the Chief Finance Officer submitted a report relative to the audited annual accounts for the IJB for 2018/19.

The report intimated that the audited annual accounts to 31 March 2019, which had been prepared in line with proper accounting practice and statute, had been submitted to the appointed auditor within the statutory timescale.

It was noted that, during the course of the audit, a small number of presentational adjustments had been identified and had been updated in the audited annual accounts.

The Audit Director requested that his thanks to Chief Finance Officer and her team, for their help and support throughout the process, be recorded. The Chair also thanked the team, on behalf of the Audit Committee members.

DECIDED: That the IJB Audit Committee recommend to the IJB that the audited annual accounts 2018/19 be approved for signature.

3 Minute

The Minute of the meeting of the Integration Joint Board Audit Committee held on 28 June 2019 was submitted.

DECIDED: That the Minute be approved.

4 Date of Next Meeting

DECIDED: That it be noted that the next meeting of the IJB Audit Committee would be held at 9.00 am on 31 January 2020 in the Abercorn Conference Centre, Renfrew Road, Paisley.

To: Renfrewshire Health and Social Care Integration Joint Board Audit Committee

On: 31 January 2020

Report by: Chief Internal Auditor

Heading: Internal Audit Plan 2019/20 - Progress

1. Summary

- 1.1 In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2019/20 was developed and approved by the Audit Committee on 25 January 2019. The approved plan is detailed at Appendix 1 of this report.
 - 1.2 Since the plan was approved, the Ministerial Strategic Group for Health and Community Care Integration Review Leadership Group published a self-evaluation tool, for Integration Joint Boards to review their progress with Integration. This self-evaluation covered much of the remit for the planned assurance review of integration of services.
 - 1.3 Following discussions with senior management of the Health and Social Care Partnership, it was agreed that to avoid duplication, this review would be replaced with a governance review of the IJB board and reporting arrangements and a facilitated self-assessment of the Audit Committee using the CIPFA good practice self-evaluation tool.
 - 1.4 This report seeks audit committee approval of the amended internal audit plan for 2019/20 as set out in Appendix 2 and also provides an update on the progress of the remaining areas of the internal audit plan for 2019/2020.
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2. Recommendations

- 2.1 That the Audit Committee approves the proposed amendment to the Internal Audit Plan for 2019/2020.
 - 2.2 That the Audit Committee notes the progress against the remaining areas of the Internal Audit Plan for 2019/20.
-

3. Background

- 3.1 To avoid duplicating the work of the Ministerial Strategic Group self-evaluation review of progress with integration, it was agreed with senior management of the Health and Social Care Partnership, that this review would be replaced with a governance review of the IJB board and reporting arrangements and a facilitated self-assessment of the of the Audit Committee using the CIPFA good practice self-evaluation tool.
- 3.2 The annual review of the adequacy and compliance with the Local Code of Corporate Governance is currently ongoing.
- 3.2 Time for planning and reporting has been used for planning for the 2019/2020 annual audit plan, reporting on the work of the partnership internal audit teams on matters relevant to the IJB and the Internal Audit annual report and assurance statement. Training briefings have also been presented to members of the audit committee on audit and risk related topics.
- 3.3 The annual follow up exercise has been completed, all critical recommendations followed up must be supported by evidence to demonstrate that they have been implemented. Only one non-critical recommendation required to be followed up during 2019/020 and the action agreed by management has now been completed.

Implications of the Report

1. **Financial** - none.
2. **HR & Organisational Development** - none.
3. **Community Planning** - none.
4. **Legal** - none.
5. **Property/Assets** - none.
6. **Information Technology** - none.
7. **Equality & Human Rights** – none
8. **Health & Safety** - none.
9. **Procurement** - none.
10. **Risk** - The subject matter of this report is the risk based Audit Plan for 2019 – 2020.
11. **Privacy Impact** - none.

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

Annual Audit Plan – 2019/20 Renfrewshire Integrated Joint Board

Audit Category	Engagement Title	No. of days	Detailed work
Assurance	Integration of Services	18	<ul style="list-style-type: none"> The purpose of the audit was to review the arrangements in place for the integration of specific services and provide assurances on the actions taken and on the model used to enable lessons learned to be taken account of.
Governance	Local Code of Corporate Governance	5	<ul style="list-style-type: none"> Annual review of the adequacy and compliance with the Local Code of Corporate Governance to inform the governance statement.
Planning & Reporting	Annual Plan, Annual Report and Audit Committee reporting & Training	7	<ul style="list-style-type: none"> The Chief Internal Auditor is required to prepare an annual plan and annual report for the Audit Committee, summarising the work undertaken by Internal Audit during the year and using this to form an opinion on the adequacy of the control environment of the IJB.
Contingency	Ad-hoc advice and Consultancy	5	<ul style="list-style-type: none"> Time for advice and consultancy on relevant priorities and risks or change related projects.

Amended Annual Audit Plan – 2019/20 Renfrewshire Integrated Joint Board

Audit Category	Engagement Title	No. of days	Detailed work
Goverance	Governance Arrangements	18	<ul style="list-style-type: none"> The purpose of the audit was to review the arrangements in place for the IJB's board and reporting arrangements and undertake a facilitated self-assessment of the of the Audit Committee using the CIPFA good practice self-evaluation tool.
Governance	Local Code of Corporate Governance	5	<ul style="list-style-type: none"> Annual review of the adequacy and compliance with the Local Code of Corporate Governance to inform the governance statement.
Planning & Reporting	Annual Plan, Annual Report and Audit Committee reporting & Training	7	<ul style="list-style-type: none"> The Chief Internal Auditor is required to prepare an annual plan and annual report for the Audit Committee, summarising the work undertaken by Internal Audit during the year and using this to form an opinion on the adequacy of the control environment of the IJB.
Contingency	Ad-hoc advice and Consultancy	5	<ul style="list-style-type: none"> Time for advice and consultancy on relevant priorities and risks or change related projects.

To: Renfrewshire Health and Social Care Integration Joint Board Audit Committee

On: 31 January 2020

Report by: Chief Internal Auditor

Heading: Annual Internal Audit Plan 2020/21

1. Summary

- 1.1 In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2020/21 has been developed and is detailed at Appendix 1 of this report.
 - 1.2 The plan sets out a resource requirement of 35 days, including assurance work, time for follow up of previous recommendations, ad-hoc advice and planning and reporting.
 - 1.3 The allocation of internal audit resources is sufficient to allow emerging priorities and provide adequate coverage of governance, risk management and internal control to inform the annual assurance statement.
 - 1.4 The plan may be subject to amendment during the course of the year due to the emergence of issues of greater priority, or other unforeseen circumstances. We will report changes to the Audit Committee.
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2. Recommendations

- 2.1 That the Audit Committee approves the Internal Audit Plan for 2020/21.
 - 2.2 That the Audit Committee notes that the Internal Audit Plan will be shared with the Local Authority and the Health Board.
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3. Background

- 3.1 It is the responsibility of the Integration Joint Board to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources.
- 3.2 The Integrated Resources Advisory Group (IRAG) guidance recommends that the Chief Internal Auditor should develop a risk based internal audit plan for the IJB. The IRAG guidance clarifies that the operational delivery of services within the Health Board and Local Authority on behalf of the IJB will be covered by their respective internal audit arrangements.
- 3.3 In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2020/21 has been developed and is detailed at Appendix 1 of this report.
- 3.4 In drafting the internal audit plan, consideration has been taken of:
- Consultations with members of the health and social care partnership senior management team;
 - The risk register for the Renfrewshire Integration Joint Board;
 - External audit's plans and annual report to members;
 - Cumulative audit knowledge and experience and the outcome of previous audit engagements.
- 3.5 In order to ensure proper coverage, avoid duplication of effort and co-ordinate activities the Chief Internal Auditor is expected to share information with the Local Authority and Health Board. The Chief Internal Auditor meets regularly with the Health Board Auditor's to discuss areas of common interest.
- 3.6 In line with the requirements of the Public Sector Internal Audit Standards, the Chief Internal Auditor will report to the Chief Officer and the Integration Joint Board Audit Committee on the annual audit plan, delivery of the plan and recommendations made. The Chief Internal Auditor will also provide an annual internal audit report including the audit opinion.
- 3.7 For the purposes of reporting the annual opinion, reliance will be placed on the work of the NHSGGC auditors and other external providers of assurance and consulting services, including work undertaken by Renfrewshire Council's Internal Audit Service, in relation to reviews of operational activities within adult social care services.

Implications of the Report

1. **Financial** - none.
2. **HR & Organisational Development** - none.
3. **Community Planning** - none.
4. **Legal** - none.
5. **Property/Assets** - none.
6. **Information Technology** - none.

7. **Equality & Human Rights** – none
 8. **Health & Safety** - none.
 9. **Procurement** - none.
 10. **Risk** - The subject matter of this report is the risk based Audit Plan for 2020 – 2021.
 11. **Privacy Impact** - none.
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List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

Annual Audit Plan – 2020/21 Renfrewshire Integrated Joint Board

Audit Category	Engagement Title	No. of days	Detailed work
Assurance	Financial Management – Budget Monitoring	20	<ul style="list-style-type: none"> The purpose of the audit is to review the arrangements in place for monitoring and reporting on the delegated financial resources.
Governance	Local Code of Corporate Governance	5	<ul style="list-style-type: none"> Annual review of the adequacy and compliance with the Local Code of Corporate Governance to inform the governance statement.
Planning & Reporting	Annual Plan, Annual Report and Audit Committee reporting & Training	7	<ul style="list-style-type: none"> The Chief Internal Auditor is required to prepare an annual plan and annual report for the Audit Committee, summarising the work undertaken by Internal Audit during the year and using this to form an opinion on the adequacy of the control environment of the IJB.
Contingency	Ad-hoc advice and Consultancy	3	<ul style="list-style-type: none"> Time for advice and consultancy on relevant priorities and risks or change related projects.

To: Renfrewshire Integration Joint Board Audit Committee

On: 31 January 2020

Report by: Chief Finance Officer

Subject: Annual Audit Plan 2019/20

1. Summary

- 1.1 The Annual Audit Plan 2019/20 for Renfrewshire Integration Joint Board is submitted for Members' information. The Plan outlines Audit Scotland's planned audit activities for the financial year 2019/20.
- 1.2 The Annual Audit Plan includes a section on Audit Issues and Risks. Within this section Audit Scotland have identified a risk of "Management override of controls". This risk is being included in the audit plans of all bodies which Audit Scotland are working with, in light of updated international standards on auditing. The inclusion of this risk is not a reflection of increased risk within Renfrewshire Integration Joint Board.
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2. Recommendations

- 2.1 The Joint Board is asked to note the Annual Audit Plan 2019/20 by Audit Scotland.

Renfrewshire Integration Joint Board

Annual Audit Plan 2019/20



 AUDIT SCOTLAND

Prepared for Renfrewshire Integration Joint Board

31 January 2020

Contents

Risks and planned work	3
Audit scope and timing	8

Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and [guidance on planning the audit](#). This plan sets out the work necessary to allow us to provide an independent auditor's report on the annual accounts and meet the wider scope requirements of public sector audit including the audit of Best Value.

2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.


Adding value


3. We aim to add value to Renfrewshire Integration Joint Board (RIJB) through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help RIJB promote improved standards of governance, better management and decision making and more effective use of resources.

Audit risks

4. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following significant risks for RIJB. We have categorised these risks into financial statements risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

Exhibit 1 2019/20 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
<p>1 Risk of material misstatement caused by management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> Obtain written assurance from the partner bodies over journal entries and testing the completeness, accuracy and allocation of income and expenditure. Perform testing on transactions processed locally by the IJB. Evaluation of significant transactions that are outside the normal course of business.

 Audit Risk	Source of assurance	Planned audit work
Wider dimension risks		
<p>2 Financial sustainability</p> <p>RIJB is facing a number of financial pressures including pay inflation, increasing prescribing costs and increasing service demand.</p> <p>These pressures are expected to continue into 2020/21 and 2021/22, RIJB has projected identified a funding gap of between £11 million and £14 million for this period</p>	<p>Medium Term Financial Plan approved by the IJB in November 2019</p> <p>Budget updates for 2020/21 will identify plans to achieve savings on a recurring basis and also highlight likely future savings challenges. The Chief Officer and Chief Finance Officer will continue to work with IJB members and other professional leads to agree a comprehensive risk assessed approach to develop viable saving proposals which minimise impact on service users' outcomes.</p> <p>Budget monitoring is a standing report on each IJB agenda, providing an overview of the current financial year. In addition, the annual accounts provide details of the final outturn position.</p> <p>Development sessions and briefings to IJB members are provided throughout the year as required.</p>	<ul style="list-style-type: none"> • Attendance at board meetings • Monitor of performance against savings plans • Monitor service delivery KPIs • Consideration of savings planned for 2020/2021
<p>3 Budget approval</p> <p>RIJB's health budget has not been fully approved prior to start of the financial year for a number of years</p> <p>The approved 2019/20 social care budget paper did not contain the full year budget figures the board were asked to approve, instead only anticipated budget pressures in addition to the 2018/19 budget were included.</p> <p>There is a risk that RIJB members are not receiving timely and detailed information during the budget setting process.</p>	<p>The CFO and CO will work with IJB members and our partners to ensure that future budgets/savings plans are agreed in advance of the financial year end.</p> <p>The IJB should seek formal confirmation from Renfrewshire Council of the full details of the proposed budget for inclusion within the board papers for budget approval.</p>	<ul style="list-style-type: none"> • Attendance at Board meetings and discussions with management

	Audit Risk	Source of assurance	Planned audit work
4	Effectiveness of Governance arrangements <p>The current governance arrangements including the remit of the Audit Committee and the role of the Internal Audit function have not been reviewed since the RIJB was established on 1 April 2016.</p> <p>RIJB has now been in operation for nearly 4 years and it would be appropriate to review the governance arrangements to ensure they remain fit for purpose.</p> <p>Without this review there is the risk that the governance arrangements do not adequately support the RIJB requirements.</p>	<p>Revised Terms of Reference for the Audit Committee have been written by the Head of Administration for the HSCP, with input from both the Chair, Vice Chair, CO, CFO, Head of Internal Audit (Renfrewshire Council) and Clerk to the Committee. These revised TOR's will be presented to the IJB in January for approval</p>	<ul style="list-style-type: none"> Engage with management and monitor progress made to review the current governance arrangements
5	Financial Management – Set Aside <p>The 2018 Scottish Parliament report “Looking ahead to the Scottish Government – Health Budget 2019/20: Is the budget delivering the desired outcomes for Health and Social Care in Scotland?”, concluded that the set aside budget is, generally, not operating as intended.</p> <p>Significantly, the report highlights that there is disconnect between how the set aside budget should operate in principle compared with how it is operating in practice meaning that this mechanism for shifting the balance of care is not being utilised effectively.</p> <p>As the RIJB continues to face significant challenges, there is a need to ensure the continued financial sustainability of the organisation and this will require a significant shift in the spending and services from hospitals to community and social care.</p>	<p>The CFO is continuing to work with the Asst Director of Finance for NHSGGC, the CFO's for the 6 GGC IJB's and Scottish Government to develop an agreed model to take forward.</p>	<ul style="list-style-type: none"> Review the IJB's approach to using the set aside budget, specifically through its engagement with the Health Board to improve set-aside arrangement and report on progress made to date.

Source: Audit Scotland

5. As set out in ISA 240, there is a presumed risk of fraud in the recognition of income. There is a risk that income may be misstated resulting in a material misstatement in the financial statements. For RIJB, we have rebutted the risks of material misstatement caused by fraud in income recognition in 2019/20 due to this

risk being assessed as part of detailed audit work carried out at the partner bodies; Renfrewshire Council and NHS Greater Glasgow and Clyde (NHSGGC).

6. In line with Practise Note 10, as most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure. Similarly, for RIJB, we have rebutted the risk of material misstatement caused by fraud in expenditure in 2019/20 due to this risk being assessed as part of detailed audit work carried out at the partner bodies; Renfrewshire Council and NHSGGC.

Reporting arrangements

7. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: www.audit-scotland.gov.uk.

8. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

9. We will provide an independent auditor's report to RIJB and the Accounts Commission setting out our opinions on the annual accounts. We will provide the Accountable Officer and Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

Exhibit 2

2019/20 Audit outputs

Audit Output	Target date	Committee Date
Annual Audit Plan	24 January 2020	31 January 2020
Annual Audit Report	11 September 2020 - TBC	18 September 2020 - TBC
Independent Auditor's Report	11 September 2020 - TBC	18 September 2020 - TBC

Source: Audit Scotland

Audit fee

10. The proposed audit fee for the 2019/20 audit of RIJB is £26,560 (2018/19: £25,000). In determining the audit fee we have taken account of the risk exposure of RIJB, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package on 30 June 2020.

11. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

Responsibilities

Audit Committee and Accountable Officer

12. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

13. The audit of the financial statements does not relieve management or the Audit Committee as those charged with governance, of their responsibilities.

Appointed auditor

14. Our responsibilities as independent auditors are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

15. Auditors in the public sector give an independent opinion on the financial statements and other information within the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Financial Statements

16. The annual accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- gaining written assurance over the operations of the partner bodies, Renfrewshire Council and NHS GGC, through the work done by the respective audit teams
- understanding the business of RIJB and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how RIJB will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

17. We will give an opinion on the financial statements as to whether they:

- give a true and fair view, in accordance with applicable law and 2019/20 Code of the financial position of RIJB as at 31 March 2020 and of its income and expenditure for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003.

18. We also review and report on other statutory information published within the annual accounts including the management commentary, annual governance statement and the remuneration report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

19. We also read and consider any information in the annual accounts other than the financial statements and audited part of the remuneration report and report any uncorrected material misstatements.



characteristics



responsibilities



principal activities



risks



governance arrangements

Materiality

20. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.

21. We identify materiality at different levels as described below. The materiality values for RIJB are set out in [Exhibit 3](#).

Exhibit 3 Materiality values



Materiality	Amount
Planning materiality – This is the figure we use to assess the overall impact of audit adjustments on the financial statements. It has been set at approximately 1% of gross expenditure for the year ended 31 March 2020 based on the latest budget for expenditure for 2019/20. Planning materiality will be updated on receipt of the unaudited annual accounts in June 2020.	£3 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered Performance materiality has been set at 60% of planning materiality.	£1.8 million
Reporting threshold (i.e., clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been set at 5% of planning materiality.	£0.150 million



Source: Audit Scotland

Timetable

22. To support the efficient use of resources it is critical that a financial statements timetable is agreed with us to produce the unaudited accounts. An agreed timetable is included at [Exhibit 4](#). Which takes account of submission requirements and the planned Audit Committee date

Exhibit 4 Annual accounts timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	30 June 2020
Latest date for IJB to submit unaudited financial statements with complete working papers package	30 June 2020
Latest date for final clearance meeting with Chief Financial Officer	Early September 2020
Issue of Letter of Representation and proposed independent auditor's report	By 30 September 2020

 Key stage	 Date
Agreement of audited unsigned annual accounts	By 30 September 2020
Audit Scotland to issue Annual Audit Report including ISA 260 report to those charged with governance	By 30 September 2020
Independent auditor's report signed	By 30 September 2020

Internal audit

23. The role of internal audit is provided by the Chief Internal Auditor for Renfrewshire Council. This role is separate to that of the internal audit function provided to Renfrewshire Council and was agreed by the RIJB on 18 September 2015. As part of our planning process we carry out an annual assessment of the internal audit function to ensure that it operates in accordance with the main requirements of the Public Sector Internal Audit Standards (PSIAS). ISA 610 requires an assessment on whether the work of the internal audit function can be used for the purposes of external audit. This includes:

- the extent to which the internal audit function's organisational status and relevant policies and procedures support the objectivity of the internal auditors
- the level of competence of the internal audit function
- whether the internal audit function applies a systematic and disciplined approach, including quality control.

24. We will report any significant findings to management on a timely basis.

Using the work of internal audit

25. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. From our initial review of internal audit plans we do not intend to place any formal reliance on the work of internal audit.

Audit dimensions

26. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

27. In the local government sector, the appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on best value.

Financial sustainability

28. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on the:

- effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- appropriateness and effectiveness of arrangements in place to address any identified funding gaps.

Financial management

29. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on whether RIJB:

- has arrangements in place to ensure systems of internal control are operating effectively;
- can demonstrate the effectiveness of budgetary control systems in communicating accurate and timely financial performance;
- has assured itself that its financial capacity and skills are appropriate;
- has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

Governance and transparency

30. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on whether RIJB can demonstrate:

- that the governance arrangements it has in place are appropriate and operating effectively
- effective scrutiny, challenge and transparency in decision-making, particularly in relation to finance and performance reports
- quality and timeliness of financial and performance reporting.

Value for money

31. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether RIJB can demonstrate that:

- it is providing/demonstrating value for money in the use of resources
- there is a clear link between money spent, output and outcomes delivered
- outcomes are improving
- there is sufficient focus on improvement and the pace of change.

Best Value

32. Integration Joint Boards have a statutory duty to make arrangements to secure best value. We will review and report on these arrangements.

Independence and objectivity

33. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.

34. The engagement lead for RIJB is John Cornett, Audit Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of RIJB.

Quality control

35. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor’s report or opinion is appropriate in the circumstances.

36. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

37. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Renfrewshire Integration Joint Board

Annual Audit Plan 2019/20

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

To: Renfrewshire Health and Social Care Integration Joint Board Audit Committee

On: 31 January 2020

Report by: Chief Internal Auditor

Heading: Summary of Internal Audit Activity in Partner Organisations

1. Summary

- 1.1 The Renfrewshire Health and Social Care Integration Joint Board directs both Renfrewshire Council and NHS Greater Glasgow and Clyde to deliver services that enable the Renfrewshire Integration Joint Board to deliver on its strategic plan.
 - 1.2 Both Renfrewshire Council and NHS Greater Glasgow and Clyde have Internal Audit functions that conduct audits across each organisation and report the findings of these to the respective audit committees.
 - 1.3 Members of the Integration Joint Board have an interest in the outcomes of audits at both Renfrewshire Council and NHS Greater Glasgow and Clyde that have an impact upon the Integration Joint Board's ability to deliver the strategic plan or support corporate functions.
 - 1.4 This report provides a summary to the Renfrewshire Integration Joint Board's Audit committee of the Internal Audit activity undertaken within these partner organisations during the period 1 April 2019 to 31 December 2019.
-

2. Recommendations

- 2.1 That the Integration Joint Board Audit Committee are asked to note the content of the report.
-

3. Renfrewshire Council Internal Audit Activity

- 3.1 The following Internal Audit reports have been issued to the Renfrewshire Council Audit Risk and Scrutiny Board, which are relevant to the Integration Joint Board.

Audit Engagement	Assurance Level (note 1)	Number and Priority of Recommendations (note 2)			
		Critical	Important	Good Practice	Service Improvement
Home Care – Contract Management	Substantial	0	0	2	0
GDPR and the Data Protection Act 2018	Substantial	0	0	2	3
Procurement – Quick Quote process	Reasonable	0	3	1	0
Key Financial Controls	Reasonable	0	2	3	0
Payroll	Reasonable	0	2	1	1

Note 1 – For each audit engagement one of four assurance ratings is expressed:

Substantial Assurance – The control environment is satisfactory

Reasonable Assurance – Weaknesses have been identified, which are not critical to the overall operation of the area reviewed

Limited Assurance – Weaknesses have been identified, which impact on the overall operation of the area reviewed

No Assurance – Significant weaknesses have been identified, which critically impact on the operation of the area reviewed

Note 2 – Each audit recommendation is assigned a priority rating:

Critical Recommendation - Addresses a significant risk, impacting on the area under review

Important Recommendation – Implementation will raise the level of assurance provided by the control system to acceptable levels

Good Practice Recommendation – Implementation will contribute to the general effectiveness of control

Service Improvement – Implementation will improve the efficiency / housekeeping of the area under review

3.1.1 Home Care – Contract Management

The objectives of the review were to ensure that, there were documented procedures in place to ensure the consistency of monitoring arrangements within Adult Services and the Corporate Procurement Unit (CPU) for the provision of independent care at home providers. The arrangements in place were sufficient to monitor the quality of care and contract requirements of care at home services and that there were adequate arrangements in place to record issues as they arise with an appropriate mechanism in place to satisfactorily resolve any issues with the relevant party in line with documented procedures.

The audit review provided substantial assurance that care at home services provide by contractors are being adequately monitored by CPU and Adult Services. We did recommend improvements in relation to the awareness of procedural documentation and the administration of the service aim for a two-year rolling programme for the quality assessment of providers to be maintained.

Management commenced a review of the end to end process. Guidance will be updated to reflect the findings of the review and will be circulated to all relevant staff. This will address the recommendations made in the internal audit report.

3.1.2 GDPR and the Data Protection Act 2018

The objectives of the review were to ensure that, data protection governance, structures, policies and procedures are adequate to ensure compliance with data protection legislation. Data registers are in place which record the information required by Article 30 of the GDPR. Documented, accurate and up to date records are kept of data sharing and data processing agreements. Arrangements are in place to ensure that Data Privacy Impact Assessments are undertaken when required, and arrangements are in place to provide training on GDPR to relevant employees.

The audit has identified that satisfactory arrangements are in place to comply with the General Data Protection Regulation 2018. Recommendations were made to ensure that the requirement to carry out Data Privacy Impact Assessments (DPIA's) is documented in project management guidance and that the system used to record DPIA's is updated to include references to relevant legislation and record the approval of each DPIA.

Management devised a temporary solution to enable them to update legislative references and evidence that DPIAs had been appropriately approved. A long term Sharepoint solution to enable DPIAs to be appropriately recorded and retained has been progressed with ICT. This is currently subject to testing by the Information Governance Team prior to sign off. Arrangements have been made to document the need for DPIAs in project management documentation.

3.1.3 Procurement – Quick Quote Process

The objectives of the review were to ensure that, for contracts with a total value between £10,000 and £50,000 (excluding VAT), quotations are sought from a minimum of 4 suppliers who have the experience and expertise to meet the council's requirements for the goods and services. Where a further quote is sought for the same requirement, a different group of potential suppliers is selected where possible. There is appropriate approval for a non-competitive action in cases where only one supplier bids for the work, and the returned quotes are evaluated against the criteria in the quick quote specification, the most economically advantageous quote is selected and that appropriate sign off is received from the Director or authorised representative using the contract authorisation report prior to issuing award letters.

The audit has identified that improvements were required to the execution of the council's quick quote processes surrounding retaining evidence as to why different suppliers are not used for the same requirement and for approval of successful quotes by the service and CPU. Also, there were at the time of the review, no processes in place to analyse expenditure to ensure that spend for the same goods/services with a combined value of over £10,000 is procured using the quick quote method.

Management agreed to action the recommendations made by updating the quotation request form to record why suppliers were chosen, reminding staff that contract award reports must be signed by the appropriate personnel and arranging for data to be provided to Category Managers to enable them to verify that quick quotes are being used when appropriate.

3.1.4 Key Financial Controls

The objectives of the review were to ensure that, bank reconciliations are undertaken timeously and variances are adequately followed up. Suspense and control accounts are regularly reconciled, cleared and independently reviewed. Feeder systems are reconciled to the general ledger. Debtors accounts are raised promptly, for the correct amount and coded correctly to the general ledger. Creation of new creditor master data is restricted and appropriately segregated. Creditor payments are paid promptly, for the correct amount and coded correctly to the general ledger and creditor manual payments are approved by an authorised officer.

The audit identified that debtors and creditors invoices were raised correctly but were delayed in being issued/paid on some occasions. Recommendations were made in the report to address issues with feeders not being reconciled to the general ledger and suspense accounts not being cleared.

Management agreed to implement the recommendations made, including improving the processes for ensuring that all appropriate reconciliations are undertaken.

3.1.5 Payroll

The objectives of the audit were to ensure that, processes are in place to ensure that new starts are added timeously and accurately to the payroll. There is evidence that all pre-employment checks have been undertaken. Processes are in place to ensure that leavers are removed from the payroll timeously and accurately on receipt of properly authorised documentation. There is adequate segregation of duties over the new start and leaver processes, and an appropriate level of independent checks are undertaken on input.

The audit identified that reasonable procedures are in place for employee new starts and terminations. Appropriate segregation of duties and independent checks are in place. Some issues were identified in relation to service departments not notifying payroll services, on time to effect correct payments, to some employees. Procedures are now in place to initiate recovery of overpayments to some leavers.

A lot of work has been carried out on the issue of overpayments and amendments have been made to processes to identify overpayments early and raise invoices timeously. A salary adjustment policy is being drafted that will clearly set out management and employee roles and responsibilities for ensuring salary payments are correct; this is expected to support a reduction in the level of overpayments being created.

4. NHS Greater Glasgow and Clyde Internal Audit Activity

- 4.1 The following Internal Audit reports have been issued to the NHS Greater Glasgow and Clyde Audit Committee, which are relevant to the Integration Joint Board. A summary has been provided for those reports, with recommendations graded from improvements graded from effective to major improvement required. The internal audit service is provided by Scott Moncrieff.

Audit Review	Audit Rating (note 1)	Risk Exposure and Number of Recommendations (note 2)			
		Very High	High	Moderate	Limited
Capacity Planning – Delayed Discharges	Minor Improvement Required	0	0	1	0
Financial Systems Health Check	Effective	0	0	0	1
Grievance Process	Minor Improvement Required	0	1	3	0
IT Security	Substantial Improvement Required	0	2	5	0

Note 1 – For each audit review one of four ratings is used to express the overall opinion on the control frameworks reviewed during each audit:

Immediate major improvement required – Controls evaluated are not adequate, appropriate, or effective to provide reasonable assurance that risks are being managed and objectives should be met.

Substantial improvement required - Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.

Minor improvement required - A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Effective - Controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met.

Note 2 – Each audit recommendation is assigned a risk exposure rating:

Very high risk exposure - major concerns requiring immediate senior management attention.

High risk exposure - absence / failure of key controls.

Moderate risk exposure - controls not working effectively and efficiently.

Limited risk exposure - controls are working effectively but could be strengthened.

4.1.1 Capacity Planning – Delayed Discharges

The control objectives assessed by the review were to ensure that, staff are aware of their roles and responsibilities over delayed discharges, with clear guidance; lines of accountability and escalation processes in place. Effective information systems monitor delayed discharges and the data collected is consistent, accurate (free from coding errors) and complete. Targets and performance indicators are in place and reviewed regularly to measure and monitor progress. Staff within wards are aware of the Daily Dynamic Discharge Plan; and engage with IJBs and social work on a timely basis to ensure delayed discharges are minimised as far as possible and results are evaluated and provide useful input to develop strategies to plan, manage and deliver initiatives to tackle delayed discharges over the medium and long term.

The review concluded that, NHS Greater Glasgow and Clyde has implemented generally robust and effective controls for the management of delayed discharges. We have noted one area of difference between the Discharge Policy as written and common discharge practice, but do not consider that this gives rise to significant risk. Implementation of the identified improvement action will, however, enable NHSGGC to further strengthen its control environment in this area. Management agreed to implement the recommendation made.

4.1.2 Financial Systems Health Check

The control objectives assessed by the review were to ensure that, procedures for payment of non-pay expenditure are fully documented and available to staff. Roles and responsibilities are clearly defined, with segregation of duties in place and appropriate authorisation limits for ordering and payments. Payments are made only in respect of valid and approved creditor accounts for goods and services confirmed as received. The purchase ledger is regularly reviewed to minimise any disputed or overdue accounts. All relevant certification has been completed by the Chief Executive at the appropriate stage of the transaction. Management information in relation to purchasing and accounts payable is subject to regular monitoring and review.

The review concluded that, NHS Greater Glasgow and Clyde (NHSGGC) has well-designed processes in place to ensure that non-payroll expenditure is processed effectively. We have confirmed that key controls over the recording, approval and payment of expenditure are generally operating effectively. We have identified one minor improvement action relating to management of aged and disputed creditor balances which will allow NHSGGC to strengthen its control environment overall in this area. Management agreed to implement the recommendation made.

4.1.3 Grievance Process

The control objectives assessed by the review were to ensure that, the NHSGGC Grievance Policy provides clear guidance to staff and managers on the processes to be followed when a grievance is raised. Roles and responsibilities for handling grievances are clearly defined and communicated, with training provided to all relevant staff. All grievances are handled within appropriate timescales and there is a regular communication with employees at each stage of the process. The Grievance Policy is consistently applied across all areas of the organisation. Best practice models for dispute resolution, promoted by NHS Scotland including mediation are promoted and utilised effectively within NHSGGC. Management information is provided to allow oversight of grievances raised within NHSGGC and the outcomes of the investigations.

The review concluded that NHS Greater Glasgow and Clyde has Grievance and Dignity at Work policies in place that are fit for purpose and consistently applied across the organisation. We have noted a weakness in compliance with certain aspects of these policies and procedures, most notably in respect of the length of time taken to resolve cases being significantly longer than outlined within the policies. Management agreed to implement the recommendations made.

4.1.4 IT Security

NHS Greater Glasgow and Clyde has heavily invested in Cisco tools for endpoints, emails, firewalls, and intrusion prevention to improve network security. This has also enabled the organisation to access improved threat intelligence and vulnerability scanning. Actions have been taken to reduce the number of vulnerabilities identified by these tools and improve awareness of cyber threats within the organisation via phishing exercises and follow up training.

The audit identified that improvements were required to ensure that access levels are accurate and complete. It also noted weaknesses in process and documentation for privileged and generic accounts reviews as part of a wider Active Directory user access, including the need to improve logging and monitoring of activity.

The review also recommended that the Board should ensure that there is a roadmap to remove legacy infrastructure and unsupported operating systems, where possible, from the network or ensure that multi layered controls are utilised to safeguard the Board. In addition, it is recommended a separate action plan should be put in place to continue to reduce the number of remaining vulnerabilities identified.

The findings included in the management action plan have been agreed with the audit contacts and sponsor. A timeline for the completion of actions has also been agreed, which will be followed-up as part of their quarterly follow-up process.

Implications of the Report

1. **Financial** - none.
2. **HR & Organisational Development** - none.
3. **Community Planning** - none.
4. **Legal** - none.
5. **Property/Assets** - none.
6. **Information Technology** - none.
7. **Equality & Human Rights** - none
8. **Health & Safety** - none.
9. **Procurement** - none.
10. **Risk** - The subject matter of this report is the matters arising from the risk based Audit Plan's Renfrewshire Council and NHSGGC in which the IJB would have an interest.
11. **Privacy Impact** - none.

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

To: Renfrewshire Integration Joint Board Audit Committee

On: 30 January 2020

Report by: Clerk

Heading: Proposed Dates of Meetings of the IJB Audit Committee 2020/21

1. Summary

1.1 At the meeting of the IJB Audit Committee held on 29 June 2019 the timetable for future meetings of the IJB Audit Committee to June 2020 was considered. It was agreed that meetings of the Audit Committee be held at 9.00 am on 20 September 2019; 31 January 2020 and a date to be advised in June 2020.

1.2 It is proposed that the IJB Audit Committee meet at 10.00 am on 19 June 2020 in Renfrewshire House, Cotton Street, Paisley.

1.3 Arrangements for meetings of the Audit Committee are governed by the provisions of Standing Order 5.1 of the Audit Committee's Terms of Reference and Procedural Standing Orders which state that:-

“5.1 The Audit Committee shall meet at least three times per year.”

The IJB Audit Committee Terms of Reference are currently being revised and one of the proposed revisions is that the committee shall meet four times per year.

1.4 The suggested dates and times are set out below, with meetings being held on Fridays at 10.00 am:

11 September 2020

4 December 2020

12 March 2021

18 June 2021.

1.5 It is proposed that meetings of the IJB Audit Committee are held in Renfrewshire House, Cotton Street, Paisley, unless that venue is unavailable or unsuitable, in which case it be delegated to the Clerk and Chief Officer, in consultation with the Chair and Vice Chair, to determine an alternative venue.

1.6 A further report will be presented to the IJB Audit Committee in due course to agree meetings post June 2021.

2. Recommendations

- 2.1 That the next meeting of the IJB Audit Committee be held at 10.00 am on 19 June 2020;
- 2.2 That the IJB Audit Committee approve the dates and times of meetings for 2020/21 as detailed in section 1.4 of the report; and
- 2.3 That meetings of the IJB Audit Committee be held in Renfrewshire House, Cotton Street, Paisley, unless that venue is unavailable or unsuitable, in which case it be delegated to the Clerk and Chief Officer, in consultation with the Chair and Vice Chair, to determine an alternative venue.

Implications of the Report

1. **Financial** - none.
2. **HR & Organisational Development** - none.
3. **Community Planning** - none.
4. **Legal** - none.
5. **Property/Assets** - none.
6. **Information Technology** - none.
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the website.
8. **Health & Safety** - none.
9. **Procurement** - none.
10. **Risk** - none.
11. **Privacy Impact** - none.

List of Background Papers – none.

Author: Elaine Currie, Senior Committee Services Officer
elaine.currie@renfrewshire.gov.uk
0141 618 7111