
To: Renfrewshire Health and Social Care Audit Committee

On: 16 September 2016

Report by: Chief Internal Auditor

Heading: Internal Audit Annual Report 2015/2016

1. Summary

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Internal Auditor must deliver an annual internal audit opinion, on the overall adequacy and effectiveness of the internal control environment; that can be used by the organisation to inform its governance statement. The purpose of this report is to advise the Audit Committee of the Chief Internal Auditor's Internal Audit Annual Report and the annual internal audit opinion.
- 1.2 The Internal Audit Annual Report outlines the internal audit work we have carried out for the year ended 31 March 2016. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 1.3 The report attached, at Appendix 1, includes the Chief Internal Auditor's independent and objective opinion as to the adequacy and effectiveness of the internal control environment.

2. Recommendations

- 2.1 That the Audit Committee notes the content of the Internal Audit Annual Report.
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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 Council's and NHS GC&C website.
 8. **Health & Safety** - none.
 9. **Procurement** - none.
 10. **Risk** - The report provides an opinion on the overall internal control environment including governance and risk management of the Integration Joint Board.
 11. **Privacy Impact** - none.
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List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor



Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report 2015-2016

September 2016

Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report 2015/2016

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Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report

1 April 2015 – 31 March 2016

1. Introduction

- 1.1 The Renfrewshire Health and Social Care Integration Joint Board was formally established on 18 September 2015. A shadow Integration Joint Board was in operation prior to this date.
- 1.2 The Scottish Government's Integrated Resources Advisory Group (IRAG) guidance states that it is the responsibility of the Integration Joint Board to establish proportionate internal audit arrangements for the review of the adequacy of the arrangements for risk management, governance and control of integrated resources. Renfrewshire Council's Chief Auditor was confirmed as the Chief Internal Auditor for the IJB on 18 September 2015.
- 1.4 This report outlines the internal audit work we have carried out for the year ended 31 March 2016. The Public Sector Internal Audit Standards (PSIAS) requires that the Chief Internal Auditor must deliver an annual internal audit opinion that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 1.4 The IRAG guidance clarifies that the operational delivery of services within the Health Board and Local Authority on behalf of the Integration Joint Board will be covered by their respective internal audit arrangements.

2. Responsibilities of Management and Internal Audit

- 2.1 It is the responsibility of management to ensure that the areas under their control are adequate and effective and that there is a sound system of internal control which facilitates the effective exercise of the organisation's functions and which includes arrangements for the management of risk.
- 2.2 The Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) which defines Internal Audit's role as:

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

- 2.3 Internal Audit is not a substitute for effective control exercised by management as part of their responsibilities. Internal Audit's role is to independently assess the adequacy of the risk management, internal controls and governance arrangements put in place by management and to undertake sufficient work to evaluate and conclude on the adequacy of those controls for the period under review.

3. Internal Audit Activity during 2015/2016

- 3.1 There was no approved Internal Audit Plan for the IJB for 2015/2016. The Health Board and Local Authority internal auditors undertook financial assurance work on the assurance process within their respective bodies. In line with the IRAG guidance "integration financial assurance" the outcome of this work was reported to the IJB on 18 March 2016.

4. Quality Assurance and Improvement

- 4.1 The PSIAS requires that the Chief Auditor develops and maintains a quality assurance and improvement programme that covers all aspects of the internal audit including conformance with the standards. The PSIAS requires that the quality assurance and improvement programme includes internal assessments in the form of ongoing monitoring of the performance of the internal audit activity; and periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices.
- 4.2 An external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Chief Internal Auditor has arranged for an external assessment to be conducted during 2016/2017.

5. Planned Work for 2016/17

- 5.1 Following a risk based assessment of the activities of the IJB and consultation with the Chief Officer and Chief Financial Officer the Internal Audit Plan for 2016/2017 provides for 35 days of Internal Audit resource to review strategic performance monitoring and financial planning and provides time for planning and reporting and ad-hoc advice and consultancy. The Internal Audit Plan for 2016/2017 was approved by the IJB on 18 March 2016.
- 5.2 An annual report for 2016/2017 will also be provided to the Audit Committee of the IJB.

6. Audit Assurance Statement

- 6.1 Internal Audit has performed its work in accordance with the role defined in paragraph 2.2. The audit work performed has been reported to IJB. Where areas for improvement in internal control have been identified appropriate recommendations have been made, and accepted for action by management.

- 6.2 It is not feasible for the system of internal control to be without any weakness. It is important to balance the risks involved in accepting systems limitations with the consequences if a problem emerges. Internal Audit recognises this and assesses this in its reporting mechanism.
- 6.3 In this context, it is considered that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the IJB's internal control, risk management and governance arrangements, as evidenced by:-
- The results of the audit work in 2015/16 financial assurance work undertaken by the Local Authority and Health Board Auditors.
 - The assurance statement signed by the Chief Financial Officer in relation to the operation of internal controls in place during 2015/2016.
 - Management action to respond to audit recommendations.
 - The opinion's contained in the Internal Audit Annual Reports of the Health Board and the Local Authority.

Signed

Chief Auditor

Date 16 September 2016

Item 4

To: Renfrewshire Integration Joint Board

On: 18 March 2016

Report by: Chief Internal Auditor

Heading: Annual Internal Audit Plan 2016/17

1. Summary

- 1.1 In line with the requirements of the Public Sector Internal Audit Standards, a risk based internal audit plan for 2016/17 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 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.

2. Recommendations

Integration Joint Board members are asked to:

- Approves the Internal Audit Plan for 2016/17.
- Note that the Internal Audit Plan will be shared with the Local Authority and the Health Board.

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. At its meeting on 18 September 2015, the IJB appointed the Chief Auditor of Renfrewshire Council as the Chief Internal Auditor for the IJB.
- 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 2016/17 has been developed and is detailed at Appendix 1 of this report.
- 3.4 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 has met with the Health Board Auditor's to discuss areas of common interest.
- 3.5 In line with the requirements of the Integrated Resources Advisory Group professional guidance, the Chief Internal Auditor will report to the Chief Officer and the Integration Joint Board 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.
- 3.6 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** - 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 Council's and NHS GC&C website.
8. **Health & Safety** - none.
9. **Procurement** - none.
10. **Risk** - The subject matter of this report is the risk based Audit Plan for 2016 – 2017.
11. **Privacy Impact** - none.

List of Background Papers – none.

Author: Andrea McMahon, Chief Internal Auditor

Annual Audit Plan – 2016/17 Renfrewshire Integrated Joint Board

Audit Category	Engagement Title	No. of days	Detailed work
Assurance	Strategic and Financial Plan	25	Review the performance management framework and the arrangements in place to monitor progress of the strategic plan outcomes including the arrangements for monitoring the financial plan.
Planning & Reporting	Annual Plan, Annual Report and Audit Committee reporting	5	The Chief 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 / Consultancy	5	Any relevant issues raised by NHSGGC and Renfrewshire Council in relation to the operational delivery of services.