
To: Renfrewshire Health and Social Care Integration Joint Board

On: 24 June 2022

Report by: Assistant Chief Internal Auditor

Heading: Internal Audit Annual Report 2021/2022

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 Board of the Internal Audit Annual Report and the annual internal audit opinion. It should be noted that the Chief Auditor is off work and her duties are being covered by the Asst. Chief Internal Auditor.
- 1.2 The Internal Audit Annual Report outlines the internal audit work we have carried out for the year ended 31 March 2022. 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, includes the Asst. Chief Internal Auditor's independent and objective opinion as to the adequacy and effectiveness of the internal control environment. In forming the opinion, the Asst. Chief Internal Auditor has conducted a review of the Internal Audit reports issued to the IJB in the year and the internal audit annual report from Renfrewshire Council and internal audit progress reports from NHS Greater Glasgow and Clyde.
- 1.4 This Report would normally be submitted to the IJB Audit Risk and Scrutiny Committee. However, as the Council voting members of this committee are not appointed until this meeting, no date for the next IJB has yet been arranged. As this Report is used to inform the Governance Statement included in the Board's Annual Accounts, it has been agreed with the Vice Chair of the IJB Audit Risk and Scrutiny Committee and a representative from Audit Scotland that this Report could be submitted to this Board
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2. Recommendations

- 2.1 Members are asked to consider and note the contents of the IJB's Internal Audit Annual Report for 2021/2022.

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 report provides an opinion on the overall internal control environment including governance and risk management of the Integration Joint Board.
- 11. Privacy Impact** - none.

List of Background Papers – none.

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Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report 2021-2022

June 2022

Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report 2021/2022

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Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report

1 April 2021 – 31 March 2022

1. Introduction

1.1 Renfrewshire Council provides an internal audit service to the Renfrewshire Health and Social Care Integration Joint Board (IJB). This includes:

- The compilation of an annual audit plan following consideration and evaluation of those areas of greatest risk in the organisation's operation, and consultation with the Chief Officer and Senior Management;
- Delivery of the planned audit assignments;
- Follow up of previous audit recommendations;
- Provision of any ongoing advice support and training on audit and risk related matters;
- Provision of an Annual Report and Assurance Statement to the IJB.

1.2 The Service operates in accordance with the Public Sector Internal Audit Standards 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."

1.3 The IJB Chief Internal Auditor is currently off work and her duties are being covered by the Assistant Chief Internal Auditor.

1.4 In line with the Standards, the purpose of this Annual Report is to report on:

- The outcome of the planned Internal Audit reviews 2021/22 relating to the IJB;
- The outcome of Internal Audit reviews undertaken by partner bodies;
- Internal audit performance;
- Planned audit work for 2022/23;
- The annual assurance statement which provides an opinion on the overall adequacy and effectiveness of the IJB's internal control environment.

1.5 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. In concluding on the overall opinion, the Asst. Chief Internal Auditor has conducted a review of the internal audit reports issued to the IJB in the year, the internal audit annual report from

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 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 2021/2022

- 3.1 The Internal Audit Plan for the IJB for 2021/2022 provided for a review of budgetary control and the annual review of the adequacy and compliance with the Local Code of Corporate Governance. Both these reviews have been completed and the summaries of the work undertaken and the internal audit findings were submitted to the IJB Audit, Risk and Scrutiny Board on 18 March 2022.
- 3.2 The Annual Report for 2020/2021 was submitted to the IJB Audit Risk and Scrutiny Board on 18 June 2021.
- 3.3 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2021/22, 1 recommendation was followed up and confirmed as implemented. There are no recommendations outstanding.

4. Review of Internal Audit Performance

- 4.1 Internal Audit produces regular reports on its performance during the year to Renfrewshire Council's Audit, Risk and Scrutiny Board, against a range of measures set annually by Renfrewshire Council's Director of Finance and Resources. These targets are set for all internal audit engagements and include Renfrewshire Council and other associated bodies, for which the team provides internal audit services. Table 1 shows the actual performance against targeted performance for the year.

Table 1**Internal Audit Performance 2021/22**

Performance measure	Target 2021/22	Actual 2021/22
% of audit assignments completed by target date	95%	98.4%
% of audit assignments completed within time budget	95%	96.8%
% completion of all audit plans for the year* (Council and Associated Bodies)	95%	92.1%

* this measures the completion percentage as at 31 March. 100% of the plan is ultimately delivered through the finalisation of the outstanding elements in the new financial year.

4.2 The percentage completion of the audit plan is slightly below the target set for the year. This was due, in the main, to a higher than anticipated level of unplanned absence. It should be noted that this had no effect on the IJB Audit Plan for 2021/22 which is 100% complete. The actual performance for the year for the two other indicators, is above the target performance level.

4.3 The Chief Auditor is required to develop and maintain a quality assurance and improvement programme that covers all aspects of internal audit including conformance with the PSIAS. The review did not identify any areas of non-conformance that require to be addressed.

4.4 External Audit

External Audit's review of the internal audit service concluded that overall the service operates in accordance with the PSIAS.

5. Planned Work for 2022/23

5.1 Following a risk-based assessment of the activities of the IJB and consultation with the senior management team, the Internal Audit Plan for 2022/2023 provides for 55 days of Internal Audit resource to undertake:

- A review of the Risk Management arrangements in place;
- An information governance review to provide assurance that information requests are being dealt with satisfactorily; and
- The annual review of the adequacy and effectiveness of the Local Code of Corporate Governance.

The plan also provides time for planning and reporting, follow up on previous recommendations, ad-hoc advice and consultancy. The Internal Audit Plan for 2022/2023 was approved by the IJB Audit, Risk and Scrutiny Committee on 18 March 2022.

6. Audit Assurance Statement

- 6.1 The audit work performed in relation to the 2021/22 internal audit plan has been reported to the Chief Officer. Relevant audit work undertaken by partner organisations is reported to the Audit, Risk and Scrutiny Committee. Where areas for improvement in internal control have been identified, appropriate recommendations have been made and accepted for action by management.
- 6.2 Some matters have been identified in relation to the internal control, risk management and governance arrangements within the partner organisations and these have been recommended by the respective Chief Internal Auditors for inclusion in the partner governance statements. There are no significant matters arising in relation to those audit engagements specific to the IJB.
- 6.3 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.
- 6.4 The audit plan is always intended to be flexible and contingency time was utilised to undertake additional work on areas of emerging risk. Within the Council, the gross operational internal audit days were reduced by 14% due to unplanned absence and no audit engagements were outsourced as was planned due to the pandemic. The IJB Internal Audit Plan and the NHS Greater Glasgow and Clyde Internal Audit Plans have been fully delivered.
- 6.5 In this context, it is considered that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Integration Joint Board's internal control, risk management and governance arrangements, as evidenced by:-
- The results of the audit work in 2021/22 and the opinion's contained in the Internal Audit Annual Reports of the Local Authority and progress reports from the Health Board.
 - Management self-assessment of internal control, risk management and governance arrangements.
 - Management action to respond to audit recommendations.

Signed

Asst Chief Internal Auditor

Date 24 June 2022

Appendix 1

Summary of Internal Audit Assurances for the IJB and Partner Organisations, Renfrewshire Council and NHS Greater Glasgow and Clyde

Integration Joint Board		
Audit Engagement	Assurance Level	Significant Matters
Local Code of Corporate Governance	Substantial	• None
Budgetary Control	Substantial	• None
Renfrewshire Council		
Audit Engagement	Assurance Level	Significant Matters
Payroll	Reasonable	• None
Supporting Attendance	Reasonable	• None
Use of Purchase Cards	Limited	• Issues were identified re compliance with the PCard Procedures and timeliness of approval of transactions
NHS Greater Glasgow and Clyde		
Audit Engagement	Overall Audit Rating	Significant Matters
Remobilisation Planning	Effective	• None
Payroll	Effective	• None
Duty of Candour	Minor Improvement Required	• None
Property Transaction Monitoring	Minor Improvement Required	• None
Financial Systems Health Check – Procurement and Tendering	Substantial Improvement Required	• The lack of consistency in the development of local guidance.
HEPMA – Project Guidance	Minor Improvement Required	• None
Recruitment	Minor Improvement Required	• None