
To: Renfrewshire Integration Joint Board

On: 18 September 2015

Report by: Chief Officer Designate

Heading: Internal and External Audit Arrangements

1. Summary

- 1.1. Previous reports to the shadow Integration Joint Board have highlighted that the national Integrated Resources Advisory Group (IRAG) was established to consider and develop professional guidance in relation to the financial implications of formally integrating health and social care services in terms of the Public Bodies (Joint Working) Act 2014.
- 1.2. IRAG has made a number of key recommendations, including the requirement for each Integration Joint Board to put in place systems to establish good financial governance arrangements, including proportionate internal audit arrangements
- 1.3. This report sets out recommendations in relation to the practical implementation of the IRAG national guidance insofar as it relates to internal and external audit matters.
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2. Recommendation

That Integration Joint Board members:

- a) Agree that the Chief Internal Auditor for Renfrewshire Council will take on the role of Chief Internal Auditor for the IJB
- b) Note that terms of reference and standing orders for an IJB audit committee will be brought to its meeting on 20 November 2015 for consideration.
- c) Note that an internal audit plan for the IJB for 2016/17 will be brought by the chief internal auditor to the IJB for approval at a future meeting

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- d) Note that the Accounts Commission will appoint the external auditors to the IJB.
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3. Background

Internal Audit

- 3.1 The national Integrated Resources Advisory Group (IRAG), bringing together a range of finance professional and other stakeholder expertise, was established by Scottish Government to develop national financial guidance to support the formal integration of health and social care services.
- 3.2 The 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. This includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor.
- 3.3 It is recommended by IRAG that the internal audit service is provided by the by one of the internal audit teams from the Health Board or Local Authority. The legal status of the IJB is a local authority body, and its financial transactions will be recorded in the financial systems of the Local Authority. It is therefore proposed that the internal audit service for the IJB is provided by Renfrewshire Council's Chief Internal Auditor. This proposal has the agreement of NHSGG&C Health Board's Director of Finance for all Partnerships within the NHS Board area.
- 3.4 The IRAG guidance recommends that the IJB should have a risk based internal audit plan. This should be developed by the Chief Internal Auditor and cover risks associated with the arrangements set out in para 3.2 above. This plan must be agreed by the IJB on or before the beginning of the financial year. 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 as at present.

Audit Committee

- 3.5 The Integration Joint Board should make appropriate and proportionate arrangements for consideration of the audit provision and annual financial statements which are compliant with regulations and good practice governance standards in the public sector. There is an expectation that there will be an Audit Committee established to fulfil this role. While it had been intended to bring proposals for the local implementation of an audit committee, it is clear that there is a range of varying audit committee arrangements being put in place across the country, some of which have a

wider remit than that contained in the national guidance. For that reason, it is considered appropriate to take stock of the developing national picture and bring a report back to the next meeting of the IJB in November 2015 with a recommended approach for Renfrewshire.

External Audit

- 3.6 As a separate legal entity the IJB will be subject to external audit. The Accounts Commission will appoint the external auditors to the IJB. The expectation currently is that this will be Audit Scotland.

Implications of the Report

1. **Financial** – the appointment of a chief internal auditor is one of the key components of good financial governance. There are no additional costs associated with the appointment of Renfrewshire's chief internal auditor to this role.
2. **HR & Organisational Development** – the report recommends that the Renfrewshire Council's chief internal auditor is appointed as chief internal auditor to the IJB in addition to her substantive role.
3. **Community Planning** - n/a
4. **Legal** – These governance arrangements support the implementation of the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014 and are in line with national guidance
5. **Property/Assets** – n/a
6. **Information Technology** – n/a
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 website.
8. **Health & Safety** – n/a
9. **Procurement** – n/a
10. **Risk** – n/a

11. Privacy Impact – n/a.

List of Background Papers – none

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