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

On: 18 June 2021

Report by: Chief Internal Auditor

Heading: Internal Audit Annual Report 2020/2021

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 2021. 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 Chief Internal Auditor's independent and objective opinion as to the adequacy and effectiveness of the internal control environment. In forming the opinion, the 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.
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2. Recommendations

- 2.1 That the Audit Committee notes the content of the IJB's Internal Audit Annual Report for 2020/2021.
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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** - 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.
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List of Background Papers – none.

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Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report 2020-2021

June 2021

Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report 2020/2021

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Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report

1 April 2020 – 31 March 2021

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;
 - 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 Audit Committee.
- 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 In line with the Standards, the purpose of this Annual Report is to report on:
- The outcome of the planned Internal Audit reviews 2020/21 relating to the IJB;
 - The outcome of Internal Audit reviews undertaken by partner bodies;
 - Internal audit performance;
 - Planned audit work for 2021/22;
 - The annual assurance statement which provides an opinion on the overall adequacy and effectiveness of the IJB's internal control environment.
- 1.4 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 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 progress summaries from NHS Greater Glasgow and Clyde.

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 2020/2021

- 3.1 The Internal Audit Plan for the IJB for 2020/2021 originally provided for a review of budgetary control and the annual review of the adequacy and compliance with the Local Code of Corporate Governance. At its meeting on 11 September 2020, the Audit, Risk and Scrutiny Committee agreed to replace the planned review of budgetary control with a review of provider sustainability payments, as this was a new process involving significant finances resulting from measures put in place to mitigate the effects on businesses arising from the Covid-19 pandemic.
- 3.2 The Annual Report for 2019/2020 was submitted to the IJB Audit Committee on 19 June 2020.
- 3.3 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2020/21, 3 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 2020/21**

Performance measure	Target 2020/21	Actual 2020/21
% of audit assignments completed by target date	95%	94.5%
% of audit assignments completed within time budget	95%	98.4%
% completion of audit plan for the year*	95%	100%

* 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 A revised audit plan was approved during the year due to the impact of Covid-19 restrictions and to address emerging priorities and risks. The percentage completion of the revised audit plan is marginally below the target set for the year. This was due to a period of unplanned leave in March 2021. 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 2021/22

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 2021/2022 provides for 35 days of Internal Audit resource to undertake:

- A review of the arrangements in place for budgetary control; 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 2021/2022 was approved by the IJB Audit, Risk and Scrutiny Committee on 12 March 2021.

6. Audit Assurance Statement

- 6.1 The audit work performed in relation to the 2020/21 internal audit plan has been reported to the Chief Officer. Relevant audit work undertaken by partner organisations has been 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 as a result of the Covid 19 pandemic, the audit plan for 2020/21 was reassessed in light of restrictions on our ability to progress certain planned audit engagements and considering other areas of emerging risk. Additionally, the gross available days were reduced by 15% with some staff undertaking other duties and no audit engagements were outsourced as was planned. 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 2020/21 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 

Chief Internal Auditor

Date 18 June 2021

**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
Sustainability Payments	Substantial	• None
Payments to Care Homes	Reasonable	• None
Renfrewshire Council		
Audit Engagement	Assurance Level	Significant Matters
Payroll	Reasonable	• None
Disclosure Checks	Reasonable	• None
NHS Greater Glasgow and Clyde		
Audit Engagement	Overall Audit Rating	Significant Matters
Digital Strategy	Minor Improvement Required	• None