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

On: 19 June 2020

Report by: Chief Internal Auditor

Heading: Internal Audit Annual Report 2019/2020

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 2020. 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. 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 2019/2020.
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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.

Author: Andrea McMahon, Chief Internal Auditor



Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report 2019-2020

June 2020

Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report 2019/2020

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Renfrewshire Health and Social Care Integration Joint Board

Internal Audit Annual Report

1 April 2019 – 31 March 2020

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 2019/20 relating to the IJB;
 - The outcome of Internal Audit reviews of supporting Renfrewshire Council corporate systems;
 - Internal audit performance;
 - Planned audit work for 2020/21;
 - 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 2019/2020

- 3.1 The Internal Audit Plan for the IJB for 2019/2020 provided for a review of progress with service integration and the annual review of the adequacy and compliance with the Local Code of Corporate Governance.
- 3.2 To avoid duplicating the work of the Ministerial Strategic Group self-evaluation review of progress with integration, the Board agreed in January 2020 that the review of service integration would be replaced with a governance review and a facilitated self-assessment of the of the Audit Committee using the CIPFA good practice self-evaluation tool. The governance review has been completed. However, the self-evaluation of the Audit, Risk and Scrutiny Committee has been carried forward into the 2020/2021 audit year, due to the cancellation of planned development days.
- 3.4 The Annual Report for 2018/2019 was submitted to the IJB Audit Committee on 28 June 2019.
- 3.5 The implementation rate of audit recommendations is a measure of operational culture and effectiveness. During 2019/20, 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 2019/20

Performance measure	Target 2019/20	Actual 2019/20
% of audit assignments completed by target date	95%	95.4%
% of audit assignments completed within time budget	95%	96.9%
% completion of audit plan for the year*	95%	98.5%

* 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 Actual performance for the year, is above the target performance level. All IJB specific audit engagements have now been completed.

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 2020/21

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 2020/2021 provides for 35 days of Internal Audit resource to undertake:

- A review of the arrangements in place for budget monitoring; 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 2020/2021 was approved by the IJB Audit Committee on 31 January 2020.

5.2 At the meeting on 31 January 2020, the Audit Committee requested details of audit activity to date for the IJB. Appendix 2 shows the work undertaken to

date. The audit universe will be reviewed during 2020/2021 in conjunction with Senior Management and External Audit to reflect the maturity of the organisation. The 2021/2022 Annual Audit Plan will provide details of the revised audit universe and the anticipated coverage over the following years.

6. Audit Assurance Statement

- 6.1 The audit work performed in relation to the 2019/20 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 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 2019/20 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 19 June 2020

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
Governance Arrangements	Substantial	<ul style="list-style-type: none"> None
Local Code of Corporate Governance	Substantial	<ul style="list-style-type: none"> None
Renfrewshire Council		
Audit Engagement	Assurance Level	Significant Matters
General Ledger	Reasonable	<ul style="list-style-type: none"> None
Procurement – Quick Quote Process	Reasonable	<ul style="list-style-type: none"> None
Cloud Services	Limited	<ul style="list-style-type: none"> The review identified that there was scope to improve the cloud security control environment, a number the areas identified were already known to management and work was underway to address. Recommendations were made in relation to formal Cloud Security Assessments for all contractors. We also identified processes that would benefit from completion and implementation of a formal framework for supplier assurance and performance. <p><i>Update from Renfrewshire Council Management have provided assurance to the Auditor that they have implemented the majority of the recommendations and the remainder will be progressed during the year and followed up as part of the annual audit follow up review.</i></p>
Information Security – Adult Services	Reasonable	<ul style="list-style-type: none"> None
NHS Greater Glasgow and Clyde		
Audit Engagement	Overall Audit Rating	Significant Matters
Capacity Planning – Delayed Discharge	Minor Improvement Required	<ul style="list-style-type: none"> None
Financial Systems Health Check	Effective	<ul style="list-style-type: none"> None
Financial Information and Reporting	Effective	<ul style="list-style-type: none"> None
Medicines Reconciliation in	Substantial	<ul style="list-style-type: none"> The review identified areas which

hospital	Improvement Required	<p>could be improved to support more uniform application of the Medicines Reconciliation in Hospital Policy.</p> <ul style="list-style-type: none"> It was found that there is no management information in place to ensure that reconciliations are completed as expected, which means consultants are unable to monitor the performance of junior doctors in this area. We also found that there is no formal review or feedback process in place to identify issues of compliance or training needs. <p><u>Update from NHSGGC Auditor</u> The majority of the recommendations are future dated and will be followed up in line with the quarterly follow up process, as they fall due, and will be reported to the NHSGGC Audit Committee.</p>
Sickness Absence – follow up	Substantial Improvement Required	<ul style="list-style-type: none"> During the follow-up review, it was found that individual and team compliance with the process is still inconsistent. Despite this progress has been made implementing the previous recommendations. NHSGGC has now established a framework for improvement initiatives, designed specifically to identify and address the root causes of sickness absence. It was confirmed that this activity is beginning to yield results in some areas of the organisation. <p><u>Update from NHSGGC Auditor</u> The majority of the recommendations are future dated and will be followed up in line with the quarterly follow up process, as they fall due, and will be reported to the NHSGGC Audit Committee.</p>
Statutory and Mandatory Training	Minor Improvement Required	<ul style="list-style-type: none"> None
Grievance Process	Minor Improvement Required	<ul style="list-style-type: none"> None
I.T Security	Substantial	<ul style="list-style-type: none"> The audit identified that

	Improvement Required	<p>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.</p> <ul style="list-style-type: none"> • 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. <p><u>Update from NHSGGC Auditor</u> All recommendations have now been completed.</p>
Property Transaction Monitoring	Effective	<ul style="list-style-type: none"> • None

Appendix 2

Audit Coverage 2016/2017 to 2020/2021

Audit Universe / Year of Coverage	Strategic Management	Financial Management	Governance
2016/17	Yes (Strategic planning)	Yes (Financial Planning)	
2017/18	Yes (Compliance with the Integration Scheme)		
2018/19			Yes
2019/20			Yes
2020/21		Yes (Budgetary Control)	

In addition, compliance with the Local Code of Corporate Governance and follow up of audit recommendations is undertaken annually.