

A meeting of the Inverclyde Integration Joint Board Audit Committee will be held on Tuesday 17 March 2020 at 1pm within Board Room 1, Municipal Buildings, Greenock.

Gerard Malone
 Head of Legal and Property Services

BUSINESS

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Enquiries to - **Sharon Lang** - Tel 01475 712112

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 28 JANUARY 2020**Inverclyde Integration Joint Board Audit Committee****Tuesday 28 January 2020 at 1pm**

Present: Councillor E Robertson, Mr A Cowan, Dr D Lyons, Mr S McLachlan and Ms G Eardley.

Chair: Mr Cowan presided.

In attendance: Ms L Long, Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Ms A Priestman, Chief Internal Auditor, Ms L Aird, Chief Financial Officer, HSCP, Ms S McAlees, Head of Children's Services & Criminal Justice, Ms V Pollock (for Head of Legal & Property Services) and Ms S Lang (Legal & Property Services).

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|----------|--|----------|
| 1 | Apologies, Substitutions and Declarations of Interest | 1 |
| | An apology for absence was intimated on behalf of Councillor Quinn. | |
| | No declarations of interest were intimated. | |
| 2 | Minute of Meeting of Inverclyde Integration Joint Board (IJB) Audit Committee of 10 September 2019 | 2 |
| | There was submitted the minute of the meeting of the Inverclyde Integration Joint Board (IJB) Audit Committee of 10 September 2019. | |
| | Decided: that the minute be agreed. | |
| 3 | Internal Audit Progress Report – 19 August 2019 to 3 January 2020 | 3 |
| | There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership on the progress made by Internal Audit during the period from 19 August 2019 to 3 January 2020. | |
| | (Dr Lyons entered the meeting during consideration of this item of business). | |
| | The Chief Internal Auditor presented the report, being the regular progress report, and advised as follows: | |
| | (1) One audit report had been finalised since the last meeting of the IJB Audit Committee in September 2019 being, the IJB Integration Scheme – Update Readiness Review. The audit had been carried out to provide early feedback on the current scheme and to allow Officers to feed any recommendations into the review process by the wider group. The overall control environment opinion was satisfactory with one amber issue identified in relation to hosted services, specifically the need to specify the governance arrangements more explicitly and to provide a clearer description of what was required, for example, performance management arrangements and the reporting requirements from the partner organisations. | |
| | An action plan had been agreed by management which specified that the points identified by the audit would be considered as part of a wider review of hosted services. | |
| | (2) One internal audit action plan had been due for completion by 30 November 2019 and this had been reported as completed by management. Three current action points were being progressed by officers. The first part of the agreed action was to deal with current issues, pending receipt of the Scottish Government's guidance on directions and the second part was to ensure that once the Scottish Government guidance had | |

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 28 JANUARY 2020

been published, it was adequately applied.

(3) In relation to audit reports from partner bodies, one audit report had been issued to Inverclyde Council which was relevant to the IJB Audit Committee, being HR Safe Recruitment checks with an overall control environment opinion of satisfactory. The main finding related to timeliness of processing a number of safe recruitment checks and actions would be implemented by June 2020.

(4) There continued to be a number of investigations carried out in relation to the misuse of blue badges and the misuse of expired blue badges.

(5) In relation to NHS Greater Glasgow & Clyde, there was one audit report which was rated amber and which was relevant to the IJB Audit Committee. This related to IT security, including redesigning the leavers process and the need to improve logging and monitoring reviews or activity for privileged and generic accounts.

There followed a discussion on a number of issues related to this item.

(1) It was clarified in relation to the audit report on HR Safe Recruitment Checks and the scope of the IJB in terms of the deadline, that reliance was placed on the audit follow-up process with any slippages/concerns being reported to the IJB with a revised action date. The Committee papers were in the public domain and the process was a transparent one.

(2) With regard to the use of the date of 30 November 2019 for reporting purposes, it was clarified that this was the last complete month which could be reported on in terms of the Committee submission dates within the timetable of meetings.

(3) In relation to the commentary within section 3 (IJB Integration Scheme Update – Readiness Review) that the updated Integration Scheme allowed for clearer governance arrangements which addressed the majority (but not all) of the points raised, members were advised that there was a recognition that in practical terms, not all of the recommendations made could be implemented but assurance was provided that all high risk issues had been addressed.

Decided: that the progress by Internal Audit in the period from 19 August 2019 to 3 January 2020 be noted.

4 IJB Risk Register

4

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership providing an update on the status of the IJB Strategic Risk Register.

It was noted that Financial Sustainability (Risk 3) and Workforce Sustainability (Risk 4) both contained risk scores of 12, the highest within the Risk Register.

During this item, reference was made to the risk in relation to the Mental Health Medical Workforce which was rated very high/red within the HSCP Operational Risk Register and there was discussion as to whether this had strategic implications which should be reflected in the IJB Risk Register.

Decided:

- (1) that the report be noted;
- (2) that agreement be given to the IJB Strategic Risk Register;
- (3) that officers be asked to highlight any re-scoring of risks within the IJB Strategic Risk Register through the inclusion of change in score column;
- (4) that officers be asked to reflect the high/red risk in respect of the Mental Health Medical Workforce contained in the HSCP Operational Risk Register within Risk 4 of the IJB Strategic Risk Register;
- (5) that the IJB Strategic Risk Register be submitted to the Integration Joint Board once per year in March;
- (6) that it be agreed that the IJB Audit Committee review the full list of risks annually

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 28 JANUARY 2020

and in mid-year review only those risks scoring 9 and above which carry additional control actions; and

(7) that a half day development session for the IJB Audit Committee be arranged at the end of April/beginning of May and that all members of the Integration Joint Board be invited to attend.

5 External Audit – Proposed Audit Fee 2019/20

5

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership advising the Committee of the proposed Audit Scotland external audit fee 2019/20. The report advised that the proposed audit fee was £26,560, a £1,560 or 6.2% increase from 2018/19 which represented a £9,160 or 52.6% increase since 2016/17.

Decided:

- (1) that the proposed Audit Scotland external audit fee for 2019/20 be noted;
- (2) that the anticipated IJB Chief Financial Officers network discussions with Audit Scotland in respect of the proposed fee be noted; and
- (3) that delegated authority be granted to the Chief Officer to accept the final fee proposal on behalf of the Committee.

6 Enabling Digital Government – Audit Scotland

6

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership reviewing the 'Enabling Digital Government' report published by Audit Scotland in June 2019 and requesting the Committee to agree an action plan based on the key recommendations within the report. It was noted that the Audit Scotland report was the first in a series planned to look at digital progress across the public sector and the role of the Scottish Government in enabling digital government.

Decided:

- (1) that the Audit Scotland report 'Enabling Digital Government' be noted; and
- (2) that the proposed response to the report's recommendations by Inverclyde HSCP as set out in section 6, including the action plan at paragraph 6.5, be noted.

Report To: Inverclyde Integration Joint Board Audit Committee **Date:** 17 March 2020

Report By: Corporate Director (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:** IJBA/05/2020/AP

Contact Officer: Andi Priestman **Contact No:** 01475 712251

Subject: INTERNAL AUDIT PROGRESS REPORT – 6 JANUARY TO 21 FEBRUARY 2020

1.0 PURPOSE

- 1.1 The purpose of this report is to enable IJB Audit Committee members to monitor the performance of Internal Audit and gain an overview of the IJB's overall control environment.
- 1.2 The report also presents an update on the Internal Audit work undertaken at Inverclyde Council and NHS Greater Glasgow and Clyde (NHSGGC) between 6 January and 21 February 2020 that may have an impact upon the IJB's control environment.

2.0 SUMMARY

- 2.1 There were no internal audit reports finalised since the last Audit Committee meeting in January.
- 2.2 The 2019/2020 plan is almost complete. The final audit is at draft report stage.
- 2.3 In relation to Internal Audit follow-up, there were no actions due for completion by 29 February 2020. The current status report is attached at Appendix 1.
- 2.4 In addition, since the last Audit Committee meeting in January 2020, a number of Internal Audit Reports have been reported to Inverclyde Council and NHSGGC which are relevant to the IJB Audit Committee. These are set out in Section 5 of this report.
- 2.5 Actions have been agreed with management and Internal Audit within Inverclyde Council and NHSGGC undertake follow-up of actions in accordance with agreed processes and report on progress to the respective Audit Committees.

**Appendix
1**

3.0 RECOMMENDATIONS

- 3.1 It is recommended that IJB Audit Committee members agree to note the progress made by Internal Audit in the period from 6 January and 21 February 2020.

Louise Long
Chief Officer Inverclyde Health & Social Care Partnership

4.0 BACKGROUND

- 4.1 In September 2019, the Audit Committee approved the current Internal Audit Annual Plan which detailed the activity to be undertaken during 2019-20.
- 4.2 Internal Audit reports findings and action plans to relevant IJB Officers and the Audit Committee as part of the annual audit plan. A follow up process is in place to allow follow up of current internal audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to the Audit Committee.
- 4.3 In each audit, one of 4 overall opinions is expressed:

Strong	In our opinion there is a sound system of internal controls designed to ensure that the organisation is able to achieve its objectives.
Satisfactory	In our opinion isolated areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.
Requires improvement	In our opinion systemic and/or material control weaknesses were identified such that some organisation objectives are put at significant risk.
Unsatisfactory	In our opinion the control environment was considered inadequate to ensure that the organisation is able to achieve its objectives.

- 4.4 Individual audit findings are categorised as Red, Amber or Green:

Red	In our opinion the control environment is insufficient to address the risk and could impact the organisation as a whole. Corrective action must be taken and should start immediately.
Amber	In our opinion there are areas of control weakness which we consider to be individually significant but are unlikely to affect the organisation as a whole.
Green	In our opinion our audit highlighted areas for minor control improvement and/or areas of minor control weakness.

- 4.5 A summary is also provided in relation to internal audit work undertaken at Inverclyde Council and NHS Greater Glasgow and Clyde that may have an impact upon the IJB's control environment.

5.0 CURRENT POSITION

- 5.1 There were no internal audit reports finalised since the last Audit Committee meeting in January.
- 5.2 The 2019/2020 plan is almost complete. The final audit is at draft report stage.
- 5.3 In relation to Internal Audit follow up, there were no items due for completion by 29 February 2020. The current status report is attached at Appendix 1.

5.0 CURRENT POSITION (CONTINUED)

5.4 Inverclyde Council – Internal Audit Progress Report Summary

Since the last Audit Committee meeting in January 2020, there were no Internal Audit Reports reported to Inverclyde Council, which are relevant to the IJB Audit Committee.

5.5 Corporate fraud investigations have been undertaken as follows:

Blue Badge Enquiries			
Number of Enquiries	Misuse Identified	No misuse	Ongoing
22	15	2	5

5.6 NHSGGC - Internal Audit Progress Report Summary

Since the last Audit Committee meeting in January 2020, there were no Internal Audit Reports issued to and agreed by NHSGGC Audit Committee which are relevant to the IJB Audit Committee.

5.7 Internal Audit undertakes follow up work on a quarterly basis to confirm the implementation of recommendations. The results of the follow up work are reported to the NHSGCC Audit Committee with any matters of concern being drawn to the attention of this Committee.

6.0 IMPLICATIONS

Finance

6.1 The work required to deliver the Annual Internal Audit Plan will be contained within the existing Internal Audit budget set by Inverclyde Council.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

6.0 IMPLICATIONS (CONTINUED)

Legal

6.2 There are no direct legal implications arising from this report.

Human Resources

6.3 There are no direct HR implications arising from this report.

Equalities

6.4 Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

How does this report address our Equality Outcomes?

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

6.5 There are no direct clinical or care governance implications arising from this report.

6.0 IMPLICATIONS (CONTINUED)

National Wellbeing Outcomes

6.6 How does this report support delivery of the National Wellbeing Outcomes?

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

7.0 DIRECTIONS

7.1 Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	X
	2. Inverclyde Council	
	3. NHS Greater Glasgow & Clyde (GG&C)	
	4. Inverclyde Council and NHS GG&C	

8.0 CONSULTATIONS

8.1 N/A

9.0 LIST OF BACKGROUND PAPERS

9.1 Internal Audit Reports. Copies available from Chief Internal Auditor.

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
AT 29 FEBRUARY 2020**

Summary: Section 1 Summary of Management Actions due for completion by 29/02/2020

There were no actions due for completion by 29 February 2020.

Section 2 Summary of Current Management Actions Plans at 29/02/2020

At 29 February 2020 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 29/02/2020

At 29 February 2020 there were 3 current audit action points.

Section 4 Analysis of Missed Deadlines

At 29 February 2020 there were 2 audit action points where the agreed deadline had been missed.

Section 5 Summary of Audit Action Points By Audit Year

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 29.02.2020

SECTION 1

No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*	No action proposed
0				

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF CURRENT MANAGEMENT ACTIONS AS AT 29.02.2020

SECTION 2

Current Actions	
Due for completion June 2020	2
Due for completion March 2022	1
Total current actions:	3

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 29.02.2020

SECTION 3

Action	Owner	Expected Date
IJB Integration Scheme Update – Readiness Review (December 2019)		
<p>Specifying governance arrangements within the Integration Scheme (Amber) The updated Integration Scheme allows for clearer governance arrangements, which addresses the majority of the points raised.</p> <p>In addition, work will take place across GG&C over the next two years to fully review and revise the current Hosted arrangements. The points raised in this audit will be considered as part of that GG&C wide review.</p>	Chief Officer IJB	<p>31.03.2022</p> <p>(Interim report due 31.03.2021)</p>

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
IJB Directions (December 2018)	<p>Adequacy of the Integration Joint Board’s Directions Policy (Green) The IJB’s policy on directions will be reviewed and updated by:</p> <ul style="list-style-type: none"> • clearly endorsing the current practice whereby wide-ranging IJB directions are included within regular IJB financial reports in order to authorise the ongoing delivery of HSCP services; • including within each IJB report an “information grid” which shows whether or not IJB directions require to be issued at all or issued to the Council, Health Board or to both of its delivery partners; • amending the template used for IJB directions to include a unique reference number which comprises the IJB meeting date and corresponding report number; • amending the template used for IJB directions to include a “direction status box” to distinguish between updated directions, new directions and the cancellation of existing directions; and • allowing for the preparation of joint directions involving two or more of the IJB’s within NHS Greater Glasgow & Clyde along with outlining the circumstances in which joint IJB directions could become necessary. 	30.04.19	30.06.20	<p>The template report has been updated to include a directions box.</p> <p>New statutory guidance on directions has been issued by the Scottish Government. The current policy will be reviewed and updated.</p>

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
IJB Directions (December 2018)	<p>Adequacy of the Integration Joint Board's Directions Policy (Green)</p> <p>Once the Scottish Government's statutory guidance on IJB directions has been issued the Integration Joint Board's Chief Officer will, in conjunction with the IJB's Standards Officer, examine how best to demonstrate compliance with that guidance whilst retaining those elements of current practice which are operating satisfactorily.</p> <p>The IJB's Chief Officer will seek approval from the Inverclyde IJB to implement a revised policy on managing IJB directions.</p>	30.04.19	30.06.20	<p>The template report has been updated to include a directions box.</p> <p>New statutory guidance on directions has been issued by the Scottish Government. The current policy will be reviewed and updated.</p>

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF ACTION PLAN POINTS BY AUDIT YEAR

SECTION 5

The following table sets out the total number of agreed actions raised by audit year together with their completion status as at 29 February 2020.

Audit Year	Total Agreed Actions	Total Actions Completed	Total Current Actions Not Yet Due*		
			Red	Amber	Green
2016/2017	3	3	0	0	0
2017/2018	8	8	0	0	0
2018/2019	6	4	0	0	2
2019/2020	2	1	0	1	0
Total	19	16	0	1	2

* This part of the table sets out the total number of current actions not yet due at the date of the follow up report.

Report To: Inverclyde Integration Joint Board Audit Committee **Date:** 17 March 2020

Report By: Louise Long
Corporate Director (Chief Officer)
Inverclyde Health & Social Care
Partnership **Report No:** IJBA/06/2020/AP

Contact Officer: Andi Priestman **Contact No:** 01475 712251

Subject: INTERNAL AUDIT - ANNUAL PLAN 2020-2021

1.0 PURPOSE

- 1.1 The purpose of this report is to present the Internal Audit Annual Strategy and Plan for 2020-2021 for approval.

2.0 SUMMARY

- 2.1 The Public Sector Internal Audit Standards include the requirement for the Chief Internal Auditor to prepare a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 2.2 The Chief Internal Auditor will prepare an annual internal audit plan which will be subject to consideration and approval by the IJB Audit Committee.
- 2.3 Internal Audit follows a risk-based approach and it is intended that audit work will be focused on areas of greater risk taking into account management's own view of risk, previous audit findings and any other internal or external factors affecting the Inverclyde Integration Joint Board.
- 2.4 The proposed Internal Audit Annual Strategy and Plan for 2020-2021 is set out at Appendix 1.
- 2.5 The total budget for the Internal Audit Annual Plan for 2020-2021 has been set at 20 days. The Plan does not contain any contingency provision. Where there are any unforeseen work demands that arise, for example special investigations or provision of ad hoc advice, this will require to be commissioned as an additional piece of work which will be subject to a separate agreement.
- 2.6 The Public Sector Internal Audit Standards require that the annual audit plan should be kept under review to reflect any changing priorities and emerging risks. Any material changes to the audit plan will be presented to the IJB Audit Committee for approval.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Inverclyde IJB Audit Committee approve the Internal Audit Annual Plan for 2020-2021.

**Louise Long
Chief Officer
Inverclyde Integration Joint Board**

4.0 BACKGROUND

- 4.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising governance, risk management and control by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 4.2 As stated in the IRAG (Integrated Resources Advisory Group) Guidance, it is the responsibility of the IJB 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.
- 4.3 The Public Sector Internal Audit Standards include the requirement for the Chief Internal Auditor to prepare a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 4.4 The Chief Internal Auditor will prepare an annual internal audit plan which will be subject to consideration and approval by the IJB Audit Committee.

5.0 CURRENT POSITION

- 5.1 Internal Audit follows a risk-based approach and it is intended that audit work will be focused on areas of greater risk taking into account management's own view of risk, previous audit findings and any other internal or external factors affecting the Inverclyde Integration Joint Board.
- 5.2 The proposed Internal Audit Annual Strategy and Plan for 2020-2021 is set out at Appendix 1.
- 5.3 The total budget for the Internal Audit Annual Plan for 2020-2021 has been set at 20 days. The Plan does not contain any contingency provision. Where there are any unforeseen work demands that arise eg special investigations or provision of ad hoc advice, this will require to be commissioned as an additional piece of work which will be subject to a separate agreement.
- 5.4 The Public Sector Internal Audit Standards require that the annual audit plan should be kept under review to reflect any changing priorities and emerging risks. Any material changes to the audit plan will be presented to the IJB Audit Committee for approval.

6.0 IMPLICATIONS

Finance

- 6.1 The work required to deliver the Annual Internal Audit Plan will be contained within the existing Internal Audit budget set by Inverclyde Council.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

Legal

6.2 There are no direct legal implications arising from this report.

Human Resources

6.3 There are no direct HR implications arising from this report.

Equalities

6.4 Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

How does this report address our Equality Outcomes?

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

6.5 There are no direct clinical or care governance implications arising from this report.

National Wellbeing Outcomes

6.6 How does this report support delivery of the National Wellbeing Outcomes?

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

7.0 DIRECTIONS

7.1 Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	X
	2. Inverclyde Council	
	3. NHS Greater Glasgow & Clyde (GG&C)	
	4. Inverclyde Council and NHS GG&C	

8.0 CONSULTATIONS

- 8.1 Discussions have taken place with the Inverclyde IJB's Chief Officer in relation to the proposed annual audit plan coverage for 2020-2021.
- 8.2 There will be regular ongoing discussion with External Audit to ensure respective audit plans are reviewed as circumstances change in order to minimise duplication of effort and maximise audit coverage for the Inverclyde IJB.

9.0 LIST OF BACKGROUND PAPERS

9.1 None.

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2020-2021

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) set out the requirement for the Chief Internal Auditor to prepare a risk-based audit plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 1.2 The Chief Internal Auditor must review and adjust the plan as necessary in response to changes in the organisation's business, risks, operations and priorities.
- 1.3 The audit plan must incorporate or be linked to a strategic or high-level statement of how the Internal Audit Service will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisational objectives and priorities.
- 1.4 The strategy shall be reviewed on an annual basis as part of the audit planning process.

2. Internal Audit Objectives

- 2.1 The definition of internal auditing is contained within the PSIAS as follows:

"Internal auditing is 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."

- 2.2 The primary aim of the internal audit service is to provide assurance services which requires the Chief Internal Auditor to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 2.3 The internal audit service also provides advisory services, generally at the request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion.
- 2.4 The internal audit service supports the Inverclyde IJB's Chief Financial Officer in her role as Section 95 Officer.

3. Risk Assessment and Audit Planning

- 3.1 The internal audit approach to annual audit planning is risk-based and aligns with the IJB's Corporate Risk Register.
- 3.2 There will be regular ongoing discussion with External Audit to ensure respective audit plans are reviewed as circumstances change in order to minimise duplication of effort and maximise audit coverage for the Inverclyde IJB.

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2020-2021**4 Service Delivery**

- 4.1 The provision of the internal audit service is through a directly employed in-house team.
- 4.2 In relation to the total staff days allocated to the 2019-2020 plan, each member of staff completes a resource allocation spreadsheet for the year which is split between annual leave, public holidays, training days, general administration and operational plan days. This spreadsheet is reviewed and updated each period by each member of staff against time charged to timesheets.

The operational plan is 20 days which will be resourced as follows:

Team Member

Audit Practitioner – 20

The Chief Internal Auditor does not directly carry out the assignments included in the annual audit plan but provides the quality review and delivery oversight of the overall plan. As such, no direct time is included within the plan. Where there are any resource issues which may impact on delivery of the plan, this will be reported to Audit Committee at the earliest opportunity.

- 4.3 Given the range and complexity of areas to be reviewed it is important that suitable, qualified, experienced and trained individuals are appointed to internal audit positions. The PSIAS requires that the Chief Internal Auditor must hold a professional qualification such as CMIIA (Chartered Internal Auditor), CCAB or equivalent and be suitably experienced. The internal auditor posts must also be CMIIA/CCAB or equivalent with previous audit experience.
- 4.4 Internal audit staff members identify training needs as part of an appraisal process and are encouraged to undertake appropriate training, including in-house courses and external seminars as relevant to support their development. All training undertaken is recorded in personal training records for CPD purposes.
- 4.5 Internal audit staff members require to conform to the Code of Ethics of the professional body of which they are members and to the Code of Ethics included within the PSIAS. An annual declaration is undertaken by staff in relation to specific aspects of the Code.
- 4.6 Following each review, audit reports are issued in draft format to agree the accuracy of findings and agree risk mitigations. Copies of final audit reports are issued to the IJB Chief Officer, HSCP Head of Service and HSCP Service Manager responsible for implementing the agreed action plan. A copy of each final audit report is also provided to External Audit.
- 4.7 The overall opinion of each audit report feeds into the Internal Audit Annual Report and Assurance Statement which is presented to the Audit Committee and is used by the Chief Financial Officer in the preparation of the Annual Governance Statement.

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2020-2021

5 Proposed Audit Coverage 2020-2021

5.1 The proposed audit coverage is set out in the table below.

Risk Register Reference	Previous Assurance Work	Planned Assurance Work 2020-21
IJB Risk 1 – Effective Governance I 4 L 2 Risk Score 8	16/17 – Review of Governance Arrangements	None
IJB Risk 2 – Maintaining Effective Communication and Relationships with Acute Partners During Transformational Change I 3 L 3 Risk Score 9	IC Operational Audit Plan: 18/19 – HSCP Contract and Commissioning arrangements 18/19 - Change Management Arrangements	None
IJB Risk 3 – Financial Sustainability/ Constraints/Resource Allocation I 4 L 3 Risk Score 12	19/20 Budgetary Control 18/19 – Financial Planning 17/18 - Strategic Planning and Performance Management Arrangements	None
IJB Risk 4 – Workforce Sustainability and Implementation of People Plan I 4 L 3 Risk Score 12	17/18 – Workforce Planning Arrangements	None
IJB Risk 5 – Performance Management Information I 3 L 3 Risk Score 9	17/18 – Strategic Planning and Performance Management Arrangements 18/19 – IJB Directions	Statutory Guidance has now been produced in relation to IJB Directions. Internal Audit will provide advice to IJB officers on reviewing and updating the current policy in line with the new guidance.
IJB Risk 6 – Locality Planning to Better Understand the Needs of the Community I 3 L 2 Risk Score 6	17/18 - Strategic Planning and Performance Management Arrangements	None
Risk Management Process	None	A review of the risk management process will be undertaken at a development session in 2020/21. Internal Audit will provide advice to IJB Members based on best practice developments.

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2020-2021

Other Work	
Action Plan Follow Up	To monitor the progress of implementation of agreed internal audit action plans by management.
Audit Planning and Management	Review and update of the audit universe and attendance at IJB Audit Committee.
Internal Audit Annual Report 19-20	Annual report on 2019-2020 audit activity will be provided to CFO to inform the Annual Governance Statement for the IJB.
Total Staff Days	20

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2020-2021

6 Quality and Performance

- 6.1 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment.
- 6.2 In addition, the performance of Internal Audit continues to be measured against key service targets focussing on quality, efficiency and effectiveness. For 2019-2020 these have been set as follows:

Measure	Description	Target
1. Final Report	Percentage of final reports issued within 2 weeks of draft report.	100%
2. Draft Report	Percentage of draft reports issued within 3 weeks of completion of fieldwork.	100%
3. Audit Plan Delivery	Percentage of audits completed v planned.	100%
4. Audit Budget	Percentage of audits completed within budgeted days.	100%
5. Audit Recommendations	Percentage of audit recommendations agreed.	90%
6. Action Plan Follow Up	Percentage of action plans followed up – Internal and External Audit.	100%
7. Customer Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above.	100%
8. Staff compliance with CPD	Number of training hours undertaken to support CPD	20
9. Management engagement	Number of meetings with Chief Officer and Chief Financial Officer as appropriate	2 per year

- 6.3 Actual performance against targets will be included in the Internal Audit Annual Assurance Report for 2020-2021.

Report To: Inverclyde Integration Joint Board Audit Committee **Date:** 17 March 2020

Report By: Louise Long, Corporate Director (Chief Officer) Inverclyde Health & Social Care Partnership **Report No:** IJBA/07/2020/LA

Contact Officer: Lesley Aird **Contact No:** 01475 715381

Subject: EXTERNAL AUDIT – ANNUAL AUDIT PLAN 2019/20

1.0 PURPOSE

- 1.1 The purpose of this report is to present the External Audit Plan for 2019/20, produced by Audit Scotland.

2.0 SUMMARY

- 2.1 Appendix 1 contains the Annual Audit Plan 2019/20 for the IJB prepared by the IJB's External Auditors, Audit Scotland.
- 2.2 Representatives from Audit Scotland will be in attendance at the meeting in order to present the Plan and answer any questions.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the IJB Audit Committee notes the Annual Audit Plan 2019/20.

Louise Long
Chief Officer

Lesley Aird
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The IJB's External Auditors, Audit Scotland, have submitted their plan for the audit of the 2019/20 annual accounts. This plan is attached at Appendix 1.
- 4.2 A representative from Audit Scotland will be in attendance at the meeting in order to present the Plan and answer any questions.

5.0 DIRECTIONS

5.1	Direction Required to Council, Health Board or Both	Direction to:	
		1. No Direction Required	X
		2. Inverclyde Council	
		3. NHS Greater Glasgow & Clyde (GG&C)	
		4. Inverclyde Council and NHS GG&C	

6.0 IMPLICATIONS

FINANCE

- 6.1 There are no financial implications arising from this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

LEGAL

- 6.2 There are no specific legal implications arising from this report.

HUMAN RESOURCES

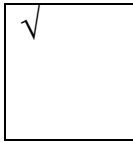
- 6.3 There are no specific human resources implications arising from this report.

EQUALITIES

- 6.4 There are no equality issues within this report.

Has an Equality Impact Assessment been carried out?

YES (see attached appendix)



NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

6.5 How does this report address our Equality Outcomes

There are no Equalities Outcomes implications within this report.

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

6.6 CLINICAL OR CARE GOVERNANCE IMPLICATIONS

There are no governance issues within this report.

6.7 NATIONAL WELLBEING OUTCOMES

How does this report support delivery of the National Wellbeing Outcomes

There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None

People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

7.0 CONSULTATION

7.1 The draft plan was circulated by Audit Scotland to the Chief Financial Officer for comment and feedback and shared with the Chief Officer.

8.0 BACKGROUND PAPERS

8.1 None.

Inverclyde Integration Joint Board

Annual Audit Plan 2019/20



 AUDIT SCOTLAND

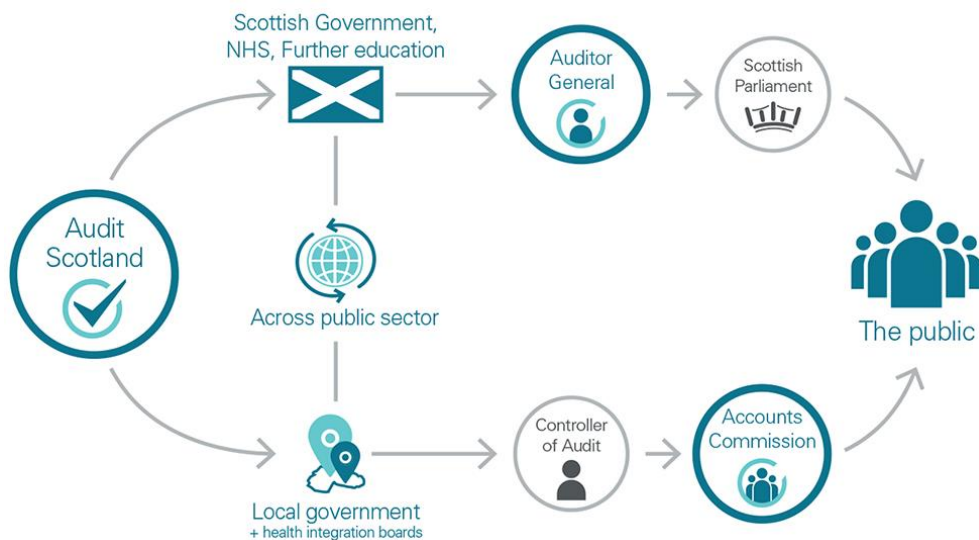
Prepared for Inverclyde Integration Joint Board

February 2020

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

Risks and planned work	4
Audit scope and timing	7

Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit which is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and [guidance on planning the audit](#). This plan sets out the work necessary to allow us to provide an independent auditor's report on the annual accounts and meet the wider scope requirements of public sector audit.

2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.

Adding value

3. We aim to add value to Inverclyde Integration Joint Board (the Integration Joint Board) through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help the Integration Joint Board promote improved standards of governance, better management and decision making and more effective use of resources.


Audit risks

4. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following significant risks for the Integration Joint Board. We have categorised these risks into financial statements risks and wider dimension risks as detailed in [Exhibit 1](#).

Exhibit 1 2019/20 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
<p>1 Risk of management override of controls</p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position in the financial statements.</p>	<p><i>Owing to the nature of this risk, assurances from management are not applicable in this instance.</i></p>	<ul style="list-style-type: none"> Assurance from host body auditors on the accuracy and completeness of year-end financial reports. Checking accuracy and completeness of consolidation of financial reports from the two partners Detailed testing of significant adjustments at year end. Review of financial monitoring reports during the year.

Wider dimension risks

	Audit Risk	Source of assurance	Planned audit work
2	Risk to effective financial management Our previous annual audit reports for the Integration Joint Board have identified improvements required to the financial reporting process. This includes the timing of financial reporting and the availability of year end forecasts. There is a risk that financial pressures are not identified and managed in a timely manner.	IJB papers and minutes for the January and March meetings will provide evidence of the additional measures in place to ensure the IJB is presented with and considers the most up to date financial information available.	<ul style="list-style-type: none"> Review financial monitoring during the year and report progress against 2018/19 audit recommendations.
3	Risk to financial sustainability Recent financial monitoring reports a £2.017 million planned use of reserves on social care services. The Integration Joint Board may need to resort to an unplanned use of reserves to meet this shortfall. The development of a long term financial plan is important to enable the Integration Joint Board to manage and respond to financial risks going forward.	Volatile budget areas have dedicated smoothing reserves to mitigate in year risk. It is not anticipated that the IJB will require any unplanned use of reserves in year. The 20/21 budget planning is well underway. Initial IJB development sessions have taken place with a further session in February and the budget due to be set in March. The IJB budget setting process considers and looks to address any anticipated funding gaps. The IJB has a 5-year financial plan in place to manage financial risk.	<ul style="list-style-type: none"> Review financial monitoring reports during the year and the budget recovery plan. Review the medium/long term financial plan when available for reasonableness. Consider the 2020/21 revenue budget and plans to address any funding gap.

Source: Audit Scotland

Reporting arrangements

5. Audit reporting is the visible output for the annual audit and is detailed in [Exhibit 2](#). All outputs will be published on our website: www.audit-scotland.gov.uk.

6. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

7. We will provide an independent auditor's report to the Inverclyde Integration Joint Board and the Accounts Commission for Scotland setting out our opinions on the annual accounts. We will also provide the members of the Inverclyde Integration Joint Board and the Accounts Commission for Scotland with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

Exhibit 2

2019/20 Audit outputs

Audit Output	Target date	Committee Date
Annual Audit Plan	17 March 2020	17 March 2020
Independent Auditor's Report	30 September 2020*	tbc September 2020
Annual Audit Report	30 September 2020*	tbc September 2020

Source: Audit Scotland

*These dates represent the certification for the 2019/20 IJB accounts. However, we will agree an audit timetable to report the findings from the audit to those charged with governance prior to the certification of the annual accounts.

Audit fee

8. The proposed audit fee for the 2019/20 audit of Inverclyde Integration Joint Board is £26,560 (2018/19: £25,000). In determining the audit fee, we have taken account of the risk exposure of Inverclyde Integration Joint Board, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited annual accounts, with a complete working papers package on 23 June 2020.

9. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual accounts or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

Responsibilities

Chief Accountable Officer and Audit Committee

10. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

11. The audit of the annual accounts does not relieve management or the Performance, Finance and Audit Committee as those charged with governance, of their responsibilities.

Appointed auditor

12. Our responsibilities as independent auditors are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

13. Auditors in the public sector give an independent opinion on the financial statements and other information within the annual accounts. We also review and report on the arrangements within the audited body to manage its performance and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Annual accounts

14. The annual accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of the Integration Joint Board and the associated risks
- assessing the key systems of internal control, and establishing the impact of any identified weaknesses
- identifying major transaction streams, balances and areas of estimation and understanding how the Integration Joint Board will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

15. We will give an opinion on whether the financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the Integration Joint Board as at 31 March 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.



characteristics



responsibilities



principal activities



risks



governance arrangements

Statutory other information in the annual accounts

16. We also review and report on statutory other information published within the annual accounts including the management commentary, annual governance statement and the remuneration report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

17. We also review the content of the annual report for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

Materiality

18. We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.

19. We calculate materiality at different levels as described below. The calculated materiality values for Inverclyde Integration Joint Board are set out in [Exhibit 3](#).

Exhibit 3 Materiality values



Materiality	Amount
Planning materiality – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure based on the latest audited accounts for the year ended 31 March 2019.	£1.6 million
Performance materiality – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 75% of planning materiality. This judgement is based on the expectation of a low level of estimation and error and the assurance we plan to place on the work of the partner body auditors.	£1.2 million
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 3% of planning materiality (rounded up to the nearest £50,000).	£50,000

Source: Audit Scotland

Timetable

20. To support the efficient use of resources it is critical that the annual accounts timetable is agreed with us. We have included an agreed timetable at [Exhibit 4](#).

Exhibit 4 Annual accounts timetable

 Key stage	 Date
Consideration of unaudited annual accounts by those charged with governance	23 June 2020
Submission of unaudited accounts with working papers package to audit	23 June 2020
Issue of draft annual audit report for clearance	16 August 2020
Latest date for final clearance meeting with Chief Financial Officer	16 August 2020
Agreement of audited unsigned annual accounts	tbc September 2020
Issue of annual audit report, letter of representation and proposed independent auditor's report	tbc September 2020
Consideration of audited annual accounts and audit reporting by those charged with governance	tbc September 2020
Latest date for signing of Independent auditor's report	30 September 2020

Source: Audit Scotland

Internal audit

21. Internal audit is provided by Inverclyde Council. As part of our planning process we carried out an early assessment of the internal audit function and concluded that it has sound documentation standards and reporting procedures in place and operates in accordance with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

Using the work of internal audit

22. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible to avoid duplication.

23. From our initial review of internal audit plans for 2019/20, we plan to consider the work of internal audit on their review of the current integration scheme.

Audit dimensions

24. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

Exhibit 5 Audit dimensions



Source: Code of Audit Practice

Financial sustainability

25. As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on financial sustainability in the medium term (two to five years) and longer term (longer than five years). We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term
- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps.

Financial management

26. Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether arrangements are in place to ensure systems of internal control are operating effectively
- the effectiveness of budgetary control system in communicating accurate and timely financial performance can be demonstrated
- how the Integration Joint Board has assured itself that its financial capacity and skills are appropriate
- whether there are appropriate and effective arrangements in place for the prevention and detection of fraud and corruption.

Governance and transparency

27. Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether the Integration Joint Board can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency of decision-making
- the quality and timeliness of financial and performance reporting.

Value for money

28. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether the Integration Joint Board can:

- provide evidence that it is demonstrating value for money in the use of its resources
- demonstrate that there is a clear link between money spent, output and outcomes delivered
- show that outcomes are improving.

Best Value

29. Integration Joint Boards have a statutory duty to make arrangements to secure best value. We will review and report on these arrangements.

Independence and objectivity

30. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland’s Ethics Partner.

31. The engagement lead (i.e. appointed auditor) for Inverclyde Integration Joint Board is Brian Howarth, Audit Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Inverclyde Integration Joint Board.

Quality control

32. International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

33. The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Accounts Commission for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

34. As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

Inverclyde Integration Joint Board

Annual Audit Plan 2019/20

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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