

A meeting of the Inverclyde Integration Joint Board Audit Committee will be held on Monday 21 September 2020 at 1pm within Board Room 1, Municipal Buildings, Greenock.

This meeting is by remote online access only through the videoconferencing facilities which are available to members of the Integration Joint Board Audit Committee and relevant officers. The joining details will be sent to participants prior to the meeting.

In the event of connectivity issues, participants are asked to use the *join by phone* number in the Webex invitation.

Please note that this meeting will be recorded.

Gerard Malone
Head of Legal and Property Services

BUSINESS

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2. Minute of Meeting of IJB Audit Committee of 17 March 2020	p
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5. Internal Audit Progress Report – 24 February to 28 August 2020 Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	p
6. Internal Audit Annual Report and Assurance Statement 2019/2020 Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	p

Please note that because of the current COVID-19 (Coronavirus) emergency, this meeting will not be open to members of the public.

The papers for this meeting are on the Council's website and can be viewed/downloaded at <https://www.inverclyde.gov.uk/meetings/committees/59>

In terms of Section 50A(3A) of the Local Government (Scotland) Act 1973, as introduced by Schedule 6, Paragraph 13 of the Coronavirus (Scotland) Act 2020, it is necessary to exclude the public from this meeting of the Integration Joint Board Audit Committee on public health grounds. It is considered that if members of the public were to be present, this would create a real or substantial risk to public health, specifically relating to infection or contamination by Coronavirus.

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

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 17 MARCH 2020**Inverclyde Integration Joint Board Audit Committee****Tuesday 17 March 2020 at 1pm**

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

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).

7 Apologies, Substitutions and Declarations of Interest 7

No apologies for absence or declarations of interest were intimated.

8 Minute of Meeting of Inverclyde Integration Joint Board Audit Committee of 28 January 2020 8

There was submitted the minute of the Inverclyde Integration Joint Board (IJB) Audit Committee of 28 January 2020.

Decided: that the minute be agreed.

9 Internal Audit Progress Report – 6 January to 21 February 2020 9

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 6 January to 21 February 2020.

The Chief Internal Auditor presented the report, being the regular progress report, and advised as follows:

- (1) No audit reports had been finalised since the last IJB Audit Committee in January 2020. The report for the final review had now been completed and would be reported to the next meeting of the Committee;
- (2) In relation to audit reports from partner bodies, no audit reports had been issued to Inverclyde Council which were relevant to the IJB Audit Committee;
- (3) There continued to be a number of investigations carried out in relation to the misuse of blue badges and misuse of expired blue badges;
- (4) In relation to NHS Greater Glasgow & Clyde, no audit reports had been issued and approved by the Board which were relevant to the IJB Audit Committee;
- (5) With regard to action plan follow-up, there were no actions due for completion by 29 February and three current action points were being progressed by officers; and
- (6) New statutory guidance had been received in relation to IJB Directions and a revised date of 30 June had been set for the update of the policy, including issues identified by the audit review in December 2018.

The Chief Officer confirmed in relation to the IJB Directions, that work was progressing on the update of the policy, with support being provided by Internal Audit and Legal Services and that she was confident that the date of 30 June was achievable.

Decided: that the progress made by Internal Audit in the period from 6 January to 21

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 17 MARCH 2020

February 2020 be noted.

10 Internal Audit – Annual Plan 2020 – 2021

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There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership requesting approval of the Internal Audit Annual Strategy and Plan for 2020 – 2021.

The Chief Internal Auditor advised the Committee that the key risks set out in the IJB's risk register had been reviewed for previous assurance work as well as planned assurance work in 2020 – 21.

Two advisory reviews would be undertaken by Internal Audit including:

- (1) IJB Directions – Internal Audit would be providing advice to IJB officers when reviewing and updating the current policy in line with the new guidance; and
- (2) The Risk Management Process – Internal Audit would provide advice to IJB members based on best practice guidance at a development day specifically for the review of the risk management process.

During the course of discussion on this item, Mr Cowan referred to Appendix 1 to the report which he indicated gave assurance regarding the systematic audit approach which matched audit activity with the risk register.

In relation to the development of other strands of assurance work, it was agreed that a report should be submitted to the September 2020 meeting of the IJB Audit Committee setting out the criteria used to define the various categories of reserves, with further detailed information being provided in respect of both smoothing and earmarked reserves. Detailed information in respect of the remaining categories of reserves would be submitted to future meetings of the Committee, if required.

Decided:

- (1) that the Internal Audit Annual Strategy and Plan 2020 – 2021 be approved; and
- (2) that it be agreed that a report be submitted to the September meeting of the Committee on reserves, as set out above.

11 External Audit – Annual Audit Plan 2019/20

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There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership on the External Audit Annual Audit Plan 2019/20 produced by Audit Scotland and appended to the report.

No officer was present from Audit Scotland to speak to the report due to the COVID-19 situation.

Arising from discussion on this item, it was noted that a letter had now been submitted to Audit Scotland on behalf of the Chief Finance Officers' network in relation to the proposed audit fee.

Decided: that the External Audit Annual Audit Plan 2019/20 be noted.

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE

ROLLING ACTION LIST

Meeting Date and Minute Reference	Action	Responsible Officer	Timescale	Progress/Update/Outcome	Status
17 March 2020 (Para 10(2))	Report on Reserves (September 2020)	IJB Chief Financial Officer and Interim Head of Strategy & Support Services	January 2021		

DRAFT**IJB Audit Committee Work Plan 2020/21**

Date	Reports	Lead Officer
21 September 2020	Internal Audit Progress Report to 28 August 2020	Chief Internal Auditor
	Internal Audit Annual Report and Assurance Statement 2019/2020	Chief Internal Auditor
25 January 2021	Internal Audit Progress Report to 18 December 2020	Chief Internal Auditor
	Update on IJB Reserves Strategy	Chief Financial Officer
	Update on IJB Risk Register	Chief Officer/CFO
22 March 2021	Internal Audit Progress Report to 26 February 2021	Chief Internal Auditor
	Internal Audit Annual Audit Plan 2021/22	Chief Internal Auditor
	External Audit Annual Audit Plan 2020/21	External Audit

Report To: Inverclyde Integration Joint Board Audit Committee **Date:** 21 September 2020

Report By: Corporate Director (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:** IJBA/08/2020/AP

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

Subject: INTERNAL AUDIT PROGRESS REPORT – 24 FEBRUARY TO 28 AUGUST 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 24 February and 28 August 2020 that may have an impact upon the IJB's control environment.

2.0 SUMMARY

2.1 There were two internal audit reports finalised since the last Audit Committee meeting in March:

- Budgetary Control (March 2020)
- IJB Directions – Advisory Review (June 2020)

2.2 The 2019/2020 plan is now complete and the plan for 2020/2021 is underway.

2.3 In relation to Internal Audit follow up, there were 3 actions due for completion by 31 August 2020. Two actions are complete and the completion date in relation to one action has been revised. The current status report is attached at Appendix 1.

**Appendix
1**

2.4 In addition, since the last Audit Committee meeting in March 2020, no Internal Audit Reports have been reported to Inverclyde Council which are relevant to the IJB Audit Committee. There were a number of reports presented to Audit Committee NHSGGC which are relevant to IJB Audit Committee which are set out at paragraph 5.15 of this report.

2.5 Internal Audit within Inverclyde Council and NHSGGC continue to undertake follow up of actions in accordance with agreed processes and report on progress to the respective Audit Committees.

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 24 February and 28 August 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. The Audit Committee also approved the Annual Audit Plan for 2020-21 in March 2020.
- 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 two internal audit reports finalised since the last Audit Committee meeting in March:
- Budgetary Control (March 2020)
 - IJB Directions – Advisory Review (June 2020)

5.0 CURRENT POSITION (CONTINUED)

Budgetary Control (March 2020)

- 5.2 In order to implement its strategic plan the Inverclyde Integration Joint Board (IJB) requires the Health & Social Care Partnership (HSCP) to use financial resources which are held by Inverclyde Council and NHS Greater Glasgow & Clyde. These arrangements mean that the Council and Health Board contribute £50.5m and £106.4m respectively to the IJB during 2019/20. In turn, the HSCP's net expenditure for the current year is budgeted at £156.5m, after allowing for a £0.4m transfer to reserves. As the demand for HSCP services continues to grow more quickly than available resources it is important that effective budgetary control and reporting arrangements are in place.
- 5.3 The objective of this audit was to provide the Inverclyde IJB Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks in relation to the IJB's budgetary control arrangements.
- 5.4 The review focused on the high level processes and procedures in relation to the IJB's budgetary control arrangements and concentrated on identified areas of perceived higher risk, such as not regularly providing IJB members with timely and accurate monitoring information and not adequately explaining significant budget variances.
- 5.5 The overall control environment opinion was **Satisfactory**. Two AMBER issues were identified as follows:-

Managing a single person dependency

The IJB's Chief Financial Officer's (CFO) remit includes preparing budget monitoring reports by consolidating information which is submitted by Inverclyde Council and NHS Greater Glasgow & Clyde. However, as the CFO works part time and has no direct resources these reports are not subject to a checking process, although the CFO confirmed that there have been no issues regarding the accuracy of these reports. Nevertheless, a single person dependency exists with the CFO's post and there are no formal contingency arrangements in place if the CFO was absent for an extended period of time.

Without an appropriate checking process any errors within IJB budget monitoring reports may not be detected. In addition, reporting deadlines may be missed should the Chief Financial Officer be absent for an extended period of time and when adequate contingency arrangements are not in place.

Utilising the IJB's budget to deliver its strategic plan

In order to achieve a break-even position at the year-end the IJB's income and expenditure must be controlled and accurately projected. These projections must be reported transparently and draw on officers understanding of factors which they can and cannot control. The IJB's budget is monitored on a regular basis as four budget monitoring reports are submitted to the IJB each year. However, the summary section of IJB budget monitoring reports does not cover changes in year-end projections between reports or outline the factors which caused projections to vary. In addition, there is scope for officers to more fully explore those factors which drive changes in year-end budget projections.

The IJB will be less likely to achieve a break-even position at the year-end whenever officers do not fully explore those factors which cause projections to vary. Significant underspends may lead to unplanned growth in reserves and hamper the development of services, whilst any significant overspends could trigger a budget recovery plan.

5.0 CURRENT POSITION (CONTINUED)

- 5.6 The audit identified 3 issues, two of which we consider to be individually significant and an action plan is in place to address all issues by 30 September 2020.

IJB Directions (June 2020)

- 5.7 The Inverclyde Integration Joint Board (IJB) requires the Inverclyde HSCP to implement its strategic plan by delivering a range of defined services. To facilitate these arrangements the Inverclyde IJB issues binding directions to Inverclyde Council and Greater Glasgow & Clyde NHS Board. These directions are made under the Public Bodies (Joint Working) (Scotland) Act 2014. Directions should enable various stakeholders to easily identify and understand major decisions taken by the IJB. The Inverclyde IJB's policy on directions was approved on 18th August 2016. In addition, IJB directions must also comply with statutory guidance.
- 5.8 During January 2020 the Scottish Government issued statutory guidance regarding directions from Integration Authorities to Health Boards and Local Authorities. As part of the 2018/19 IJB Internal Audit Plan a review of the Inverclyde IJB's arrangements for managing directions was undertaken. However, the resulting action plan could not be fully implemented as the final statutory guidance had not been published.
- 5.9 As part of the Annual Audit Plan for 2020/21, Internal Audit provided advice to IJB officers on reviewing and updating the current policy in line with the new guidance.
- 5.10 IJB Officers have incorporated recommendations where appropriate into the draft IJB Directions Policy which will be presented to the September meeting of the IJB for approval.
- 5.11 The 2019/2020 plan is complete and the plan for 2020/2021 is underway.
- 5.12 In relation to Internal Audit follow up, there were 3 actions due for completion by 31 August 2020. Two actions are complete and the completion date in relation to one action has been revised. The current status report is attached at Appendix 1.
- 5.13 **Inverclyde Council - Internal Audit Progress Report Summary**
- Since the last Audit Committee meeting in March 2020, no Internal Audit Reports have been reported to Inverclyde Council.
- 5.14 Internal Audit undertakes follow up work on a monthly basis to confirm the implementation of agreed actions. A specific audit follow up report is provided to each meeting of the Council's Audit Committee to allow appropriate scrutiny of action plan implementation.

5.0 CURRENT POSITION (CONTINUED)

5.15 NHSGGC - Internal Audit Progress Report Summary

Since the last Audit Committee meeting in March 2020, 11 Internal Audit Reports have been reported to NHSGGC summarised as follows:

Audit Title	Rating	Number and Priority of Issues			
		4	3	2	1
Financial Information and Reporting	Effective	-	-	-	1
Medicine Reconciliation in Hospital (1)	Substantial Improvement Required	-	4	4	1
Sickness Absence – Follow Up (2)	Substantial Improvement Required	-	1	2	-
Statutory and Mandatory Training	Minor Improvement Required	-	1	2	-
Service redesign – Acute Stroke Services (3)	Substantial improvement required	-	2	4	-
Operational planning (4)	Substantial improvement required	-	3	3	-
Payroll	Minor improvement required	-	-	2	1
Delivery of Enhanced Monitoring Requirements at QEUH	Minor improvement required	-	1	3	-
Mental health waiting times	Minor improvement required	-	-	3	2
Health and safety	Minor improvement required	-	-	1	-
Moving Forward Together Implementation	N/A – consultancy report	N/A	N/A	N/A	N/A
Management Action Follow Up Q3	N/A	N/A	N/A	N/A	N/A
Total		-	12	24	5

- (1) As part of the scoping process for this review, management identified that there were known issues of compliance with the Medicines Reconciliation in Hospital Policy. As such, the review was structured to investigate the reasons for non-compliance, rather than provide assurance over the consistent application of the policy. It was identified 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. It was also identified that there is no formal review or feedback process in place to identify issues of compliance or training needs.

5.0 CURRENT POSITION (CONTINUED)

In addition, NHS Greater Glasgow and Clyde are in the early stages of adopting Hospital Electronic Prescribing and Medicines Administration (HePMA) software. When this is rolled out, the Orion system will be integrated with HePMA enabling electronic prescribing throughout the patient's stay. Whilst this will remove the transcription burden junior doctors experience currently, it should not be considered a solution to all the issues of non-compliance with the policy. The audit review identified a number of issues that cannot be addressed through the HePMA system.

- (2) The 2018/19 review of Sickness Absence concluded that NHSGGC had a robust framework in place for managing sickness absence. The audit also found however that line managers and supervisors were not consistently using this framework or adhering to documented processes. A number of improvement actions were identified from that review designed to allow NHSGGC to support a reduction in sickness absence rates through consistent application of the framework. During this follow-up review, we found that individual and team compliance with the process is still inconsistent and this remains the main issue within our follow-up audit.

The audit also noted that the delayed release of revised national guidance has hindered ongoing improvement activity on absence management but despite this progress has been made implementing previous recommendations. NHSGGC has now established a framework for improvement initiatives, designed specifically to identify and address the root causes of sickness absence.

- (3) The audit noted 2 Grade 3 findings as follows:
- NHSGGC should agree a detailed action plan to support the successful delivery of the service redesign project as a whole. The action plan should consider the resources required to deliver objectives, key stakeholder dependencies, and responsibility for project oversight; and
 - NHSGGC should ensure that project risks are monitored on a regular and ongoing basis across the life of the project.
- (4) The audit noted 3 grade 3 findings as follows:
- NHSGGC should implement an organisation-wide operational planning framework that covers the Annual Operational Plan, MFT annual priorities and Board Corporate Objectives. The operational planning framework should be presented to the NHSGGC Board for review and approval prior to implementation.
 - NHSGGC should ensure that all plans are reviewed by the Planning Team once drafted. This review should focus on ensuring there is alignment between operational-level objectives and a clear articulation of their contribution towards achievement of wider strategic goals. The review should also seek to identify any areas where objectives are either interdependent or overlapping to ensure that related actions are properly co-ordinated.
 - NHSGGC should ensure that processes for monitoring and reporting on objectives is built into the operational planning framework. We endorse the current reporting mechanism used in respect of Annual Operational Plan objectives and recommend that this approach is replicated across the Board Corporate Objectives and MFT annual priorities.

- 5.16 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					

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.

6.0 IMPLICATIONS (CONTINUED)

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

6.0 IMPLICATIONS (CONTINUED)

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 31 AUGUST 2020**

Summary: Section 1 Summary of Management Actions due for completion by 31/08/2020

There were 3 actions due for completion by 31 August 2020. Two actions have been completed by management and one action date has been revised.

Section 2 Summary of Current Management Actions Plans at 31/08/2020

At 31 August 2020 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/08/2020

At 31 August 2020 there were 5 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 August 2020 there was one audit action point 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 31.08.2020

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
3	2	1		

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

Actions completed at 31 July 2020 are as follows:

Action	Expected Date
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. 	30.06.2020*
Budgetary Control (March 2020)	
<p>Managing a Single Person Dependency (CFO) (Amber) The IJB’s Chief Officer, with input from the IJB’s Chief Financial officer, will develop appropriate contingency arrangements which can be quickly activated whenever the IJB’s Chief Financial Officer is absent for an extended period of time.</p>	30.06.2020

**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 31.08.2020

SECTION 2

Current Actions	
Due for completion September 2020	4
Due for completion March 2022	1
Total current actions:	5

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

CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020

SECTION 3

Action	Owner	Expected Date
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>	Chief Officer/ Legal Services Manager/CFO	30.09.2020*
IJB Integration Scheme Update – Readiness Review (December 2019)		
<p>Specifying governance arrangements within the Integration Scheme (Amber)</p> <p>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	31.03.2022 (Interim report due 31.03.2021)
Budgetary Control (March 2020)		
<p>Utilising the Integrated Joint Board's budget to deliver its strategic plan (Amber)</p> <p>The IJB's Chief Financial Officer will include within the summary section of IJB budget monitoring reports coverage of the changes in year-end projections between the current report and the previous one. This coverage will also include an overall explanation of the factors which caused the latest projection to vary from the previous projection.</p> <p>The IJB's Chief Officer and CFO will jointly seek to explore with relevant senior officers within Inverclyde Council and NHS GG&C any material issues which arise regarding the quality of financial information and year-end projections, which those organisations supply. This exercise will focus on controllable factors which drive changes in year-end projections.</p>	Chief Officer/ CFO	30.09.2020
	Chief Officer/ CFO	30.09.2020

* 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**

CURRENT MANAGEMENT ACTIONS AS AT 31.08.2020

SECTION 3

Action	Owner	Expected Date
Budgetary Control (March 2020)		
Updating the Inverclyde Integration Joint Board's (IJB) reserves strategy (Green) The IJB's Chief Financial Officer will update the IJB's reserves strategy to fully: <ul style="list-style-type: none">• reflect the terminology used within the IJB's annual accounts regarding reserves; and• allow for the revised Integration Scheme.	Chief Financial Officer	30.09.2020

* 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)</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>	<p>30.04.19 30.06.20</p>	30.09.20	<p>The current policy has been reviewed and updated in line with the new statutory guidance on directions. The new draft policy will be presented to the September meeting of the IJB for approval.</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 31 August 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	1	1
2019/2020	6	3	0	2	1
Total	23	18	0	3	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:** 21 September 2020

Report By: Louise Long
Corporate Director (Chief Officer)
Inverclyde Health & Social Care Partnership **Report No:** IJBA/09/2020/AP

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

Subject: INTERNAL AUDIT ANNUAL REPORT AND ASSURANCE STATEMENT 2019/2020

1.0 PURPOSE

- 1.1 The purpose of this report is to present the Internal Audit Annual Report and Assurance Statement for 2019/2020 which forms part of the Integration Joint Board's Annual Governance Statement.

2.0 SUMMARY

- 2.1 The Internal Audit Annual Report 2019/2020 is attached as an Appendix to this report for consideration by the Committee. The report concludes that the majority of the IJB's established internal control procedures operated as intended to meet management's control requirements for each area reviewed by Internal Audit. The overall audit opinion is **Satisfactory**. Appendix 1
- 2.2 A follow up process has been established during 2019/2020 to monitor management's progress in implementing agreed action plans arising from Internal Audit reviews.

3.0 RECOMMENDATION

- 3.1 It is recommended that the IJB Audit Committee reviews and considers the Internal Audit Annual Report and Assurance Statement.

Louise Long
Chief Officer
Inverclyde Integration Joint Board

4.0 BACKGROUND

4.1 Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor provides a written statement to the Section 95 Officer to support the Annual Governance Statement. This report should present an opinion as to the overall adequacy and effectiveness of the organisation's internal control environment.

4.2 The report should also:

- Disclose any qualifications to that opinion, together with reasons for the qualification;
- Present a summary of the audit work undertaken to formulate the opinion including reliance placed on the work by other assurance bodies;
- Draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the statement on internal control; and
- Compare the work undertaken with work planned.

4.3 The Accounting Code of Practice ("ACOP") requires that the Section 95 Officer produces a signed Annual Governance Statement as part of the Council's Annual Report. This report is subject to External Audit scrutiny as part of the year-end audit process.

5.0 CURRENT POSITION

5.1 The Internal Audit Annual Report 2019/2020 is attached as an Appendix to this report for consideration by the Committee. The report concludes that the majority of the IJB's established internal control procedures operated as intended to meet management's control requirements for each area reviewed by Internal Audit. The overall audit opinion is **Satisfactory**.

5.2 A follow up process has been established during 2019/2020 to monitor management's progress in implementing agreed action plans arising from Internal Audit reviews.

6.0 IMPLICATIONS

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

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 Not applicable. This report summarises the work carried out during 2019-2020 which have been included in separate progress reports to Audit Committee.

9.0 LIST OF BACKGROUND PAPERS

9.1 Internal Audit Progress Report to the Audit Committee in January and March 2020.



Internal Audit Annual Report and Assurance Statement 2019/2020

8 September 2020

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SECTION 1 – INTRODUCTION

Purpose of this report

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor provides a written statement to the s95 Officer timed to support the Annual Governance Statement. This report constitutes the required statement. As required by PSIAS, this report presents the opinion of the overall adequacy and effectiveness of Inverclyde Integration Joint Board (IJB)'s risk management, control and governance processes, based on the work Internal Audit has performed. The scope of internal audit work, the responsibilities of Internal Audit, and the assurance given on the adequacy and effectiveness of the Internal Control System of the IJB are explained further in Section 4 of this report.

Main objectives of the IJB's Internal Audit Team

- 1.2 Internal Audit is an assurance function that primarily provides an independent, objective opinion to the Board on the control environment. The overall objective of Internal Audit is to review, appraise and report on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources. A secondary objective is to advise management on improvements in internal control systems.

Scope of the IJB's Internal Audit Team

- 1.3 The scope of Internal Audit allows for unrestricted coverage of the IJB's activities and unrestricted access to records and assets deemed necessary by auditors in the course of an audit.

Acknowledgements

- 1.4 The assistance provided by IJB officers in the course of the work undertaken by Internal Audit during 2019/2020 is gratefully acknowledged.

SECTION 2 – ASSESSMENT OF RISK MANAGEMENT, CONTROLS AND GOVERNANCE

Scope

- 2.1 The work undertaken by Internal Audit in 2019/2020 is summarised in Section 3 of this Report.
- 2.2 The overall assessment arising from work undertaken is summarised in paragraphs 2.3 to 2.4 below. In interpreting this assessment, consideration needs to be given to the respective responsibilities of Management and Internal Audit and the related limitations on the assurance that Internal Audit can provide (as explained in Section 4).

Overall assessment

On the basis of Internal Audit work carried out in 2019/2020, the majority of the IJB's established internal control procedures appeared to operate as intended to meet Management's requirements for the individual systems reviewed by Internal Audit. On the basis of selective testing of key controls it can be concluded that, in the main, controls were generally operating as expected during the period under review, although it does need to be recognised that some recommendations were made by Internal Audit to improve controls. The overall opinion is **Satisfactory**.

The significant incident in late March tested how well the IJB's governance, risk management and internal controls framework is operating. It will be important for the IJB, at the appropriate time, to carry out a post-incident review and highlight any lessons learned.

Other matters

- 2.3 Summaries of the issues arising in relation to each system or activity covered by Internal Audit work in 2019/2020 are reported separately to the Audit Committee. Appropriate responses to the recommendations made in internal audit reports have been obtained. When actioned, the recommendations made in the Internal Audit reports should provide management with additional comfort that the system of control operates as intended. It is therefore imperative that the agreed actions are implemented by management.
- 2.4 A follow up process is in place which ensures that all actions arising from internal audit reviews are captured within a follow up database, and are subject to follow up and validation by the Internal Audit on a regular basis, with reporting on progress to the Audit Committee.

SECTION 3 – INTERNAL AUDIT WORK CONDUCTED

Internal audit approach

- 3.1 The internal audit work has been conducted in accordance with an established methodology that promotes quality and conformance with the Public Sector Internal Audit Standards and the agreed Internal Audit annual audit plan.

Progress on the 2019/2020 internal audit plan

3.2 The Annual Internal Audit Operational Plan 2019/2020 was discussed and agreed with the Audit Committee on 10 September 2019.

3.3 Progress against planned audit work for the year to 31 March 2020 can be summarised as follows:

Audit Area	Indicative Scope	Status
Budgetary Control	The audit will review the adequacy and effectiveness of arrangements in place to manage and report on the budget delegated to the IJB.	Complete
Integration Scheme Update – Readiness review	The Inverclyde IJB integration scheme will be reviewed in 2020. Internal Audit will review the adequacy and effectiveness of the current scheme and make recommendations for improvement.	Complete
Action Plan Follow Up	To monitor the progress of implementation of agreed internal audit action plans by management.	Ongoing
Audit Planning and Management	Review and update of the audit universe and attendance at IJB Audit Committee.	Complete
Internal Audit Annual Report	Annual report on 2019-2020 audit activity.	Complete

3.4 The total number of issues raised is set out in the following table:

Report	Red	Amber	Green	Overall Grading
Budgetary Control	0	2	1	Satisfactory
Integration Scheme Update – Readiness Review	0	1	1	Satisfactory
Total	0	3	2	

Progress on Implementation of Action Plans

3.5 Action plans were agreed in relation to the reports generated for the 2019/2020 annual audit plan. The following table sets out the number of actions agreed for each report issued and the status of completion at 31 May 2020 as follows:

Report	No of Actions Agreed	No of Actions Complete at 31/5/20	No of Actions Revised at 31/5/20	No of Actions Not Due at 31/5/20
Budgetary Control	4	0	0	4
Integration Scheme Update – Readiness Review	2	1	0	1
Total	6	1	0	5

3.6 All actions are subject to ongoing follow up by Internal Audit and are included within the Internal Audit action plan follow up reports to the Audit Committee on a regular basis.

Performance Measures

3.7 The following performance measures were in place for 2019/2020:

Measure	Description	Target	Actual
1. Final Report	Percentage of final reports issued within 2 weeks of draft report.	100%	50%
2. Draft Report	Percentage of draft reports issued within 3 weeks of completion of fieldwork.	90%	100%
3. Audit Plan Delivery	Percentage of audits completed v planned.	85%	100%
4. Audit Budget	Percentage of audits completed within budgeted days.	80%	100%
5. Audit Recommendations	Percentage of audit recommendations agreed.	90%	100%
6. Action Plan Follow Up	Percentage of action plans followed up – Internal Audit.	100%	100%
7. Customer Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above.	100%	100%
8. Staff compliance with CPD	Number of training hours undertaken to support CPD	60	60
9. Management engagement	Number of meetings with Chief Officer and Chief Financial Officer as appropriate	2 per year	2

Reliance from other assurance providers

3.8 During 2019/2020, the following Internal Audit Reports have been issued to Inverclyde Council, which are relevant to the IJB:

Audit Report	Opinion	Number/Category of Issues		
		Red	Amber	Green
HSCP Contract Management	Satisfactory	0	1	2
Change Board Governance	Strong	0	0	3
BACS Payment Process	Satisfactory	0	3	2
Employee Expenses	N/A	N/A	N/A	N/A
HR Safe Recruitment Checks	Satisfactory	0	1	4
Total		0	5	11

3.9 Actions have been agreed with management and Internal Audit follow up each action when it falls due with regular reporting to the Council's Corporate Management Team and Audit Committee on the implementation of agreed actions and any matters of concern.

Reliance from other assurance providers (Continued)

3.10 In addition, corporate fraud investigations have been undertaken as follows:

Blue Badge Enquiries			
Number of Enquiries	Misuse Identified	No Misuse	Ongoing
35	27	8	-
39	33	1	5
22	15	2	5

3.11 The overall audit opinion reported in the Inverclyde Council Internal Audit Annual Audit report was as follows:-

*On the basis of Internal Audit work carried out in 2019/2020, the majority of Inverclyde Council's established internal control procedures appeared to operate as intended to meet Management's requirements for the individual systems reviewed by Internal Audit. On the basis of selective testing of key controls it can be concluded that, in the main, controls were generally operating as expected during the period under review, although it does need to be recognised that a number of recommendations were made by Internal Audit to improve controls. The overall opinion is **Generally Satisfactory with some improvements needed.***

There were no significant issues that were highlighted for inclusion in the Council's Annual Governance Statement though it was recognised that the significant incident in late March 2020 and the Council's responses as a Category 1 responder during the COVID-19 pandemic tested how well the Council's risk management, governance and internal controls framework is operating. There were examples of innovations, new business processes and solutions, and new technology being embraced in order to deliver services to the community in its role as a Category 1 responder to carry out the following three essential functions: Caring for the Vulnerable; Liaising with Resilience Partners; and Supporting Economic Recovery. This was achieved using amended governance arrangements, new ways of decision-making, leadership and implementation including virtual meetings, conference calls, and systems remote access. It will be important for the Council, at the appropriate time, to carry out a post-incident review and highlight any lessons learned.

3.12 During 2019/2020, the following Internal Audit Reports have been issued to NHSGGC which are relevant to the IJB:

Review	Overall Audit Rating	No of Issues per grading			
		4	3	2	1
Capacity Planning – Delayed Discharge	Minor improvement required	-	-	1	-
Financial Systems Health Check	Effective	-	-	-	1
IJB Financial Information and Reporting	Effective	-	-	-	1
Medicines Reconciliation in Hospital	Substantial improvement required	-	4	4	1
Sickness Absence Follow Up	Substantial improvement required	-	1	2	-
Statutory and Mandatory Training	Minor improvement required	-	1	2	-
Grievance Process	Minor improvement required	-	1	3	-
IT Security	Substantial improvement required	-	2	5	-

Reliance from other assurance providers (Continued)

Property Transactions	Effective	-	-	-	-
Service Redesign – Acute Stroke Services	Substantial improvement required	-	2	4	-
Operational Planning	Substantial improvement required	-	3	3	-
Payroll	Minor improvement required	-	-	2	1
Delivery of enhanced monitoring requirements at QEUH	Minor improvement required	-	1	3	-
Mental Health Waiting Times	Minor improvement required	-	-	3	2
Health and Safety	Minor improvement required	-	-	1	-
Moving Forward Together	N/A – Consultancy Engagement				
Follow Up – Q1	N/A	-	-	-	-
Follow Up – Q2	N/A	-	-	-	-
Follow Up – Q3	N/A	-	-	-	-
Total Findings		0	15	33	6

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

3.14 The overall audit opinion reported in the NHSGGC Internal Audit Annual Audit report 2019/2020 was as follows:

In our opinion NHS Greater Glasgow and Clyde's internal control framework provides reasonable assurance regarding the achievement of objectives, the management of key risks and the delivery of best value, except in relation to:

- *Service Redesign – Acute Stroke Services;*
- *Operational Planning;*
- *Medicines Reconciliation in Hospital;*
- *Sickness Absence Follow Up; and*
- *IT Security.*

Working closely with management, our reviews in the above areas highlighted significant opportunities for improving controls in order to ensure appropriate mitigation of risk, with 15 amber rated (high risk) actions arising. We also identified a number of potential causes behind delays in implementing the Moving Forward Together plan. This opinion should be considered against the context under which the Board has operated throughout the year. The process of Escalation, external reviews and then COVID-19 has resulted in a significantly challenging environment for the Board and staff.

Management has committed to implementing the necessary improvement actions in all of the above areas and progress is being reported regularly to the Audit and Risk Committee. More recently, management has committed to accelerating progress in a number of areas as part of a wider remobilisation plan post Covid-19. Our most recent follow-up review for Q4 2019/20 confirmed that management are making excellent progress in implementing the actions in line with agreed timescales, and we will continue to monitor this position on a quarterly basis during 2020/21.

We were able to provide substantial assurances in the remaining ten audit areas covered during 2019/20, all of which were assessed as either “effective” or with only “minor improvement required”. We did not identify any grade 4 (very high risk) actions.

Reliance by external audit

- 3.15 During the year under review, liaison has taken place with the IJB’s External Auditors through joint attendance at the Audit Committee, meetings, ad hoc discussions and the sharing of audit plans and reports. External audit considers the work of Internal Audit throughout the year to inform their audit process.

SECTION 4 – SCOPE, RESPONSIBILITIES AND ASSURANCE

Approach

- 4.1 The internal audit work has been conducted in accordance with an established methodology that promotes quality and conformance with the Public Sector Internal Audit Standards and the agreed annual audit plans. The overall scope of the internal audit work encompasses the IJB’s risk management practices, governance practices and internal controls.
- 4.2 The Annual Audit Plan is based on a formal risk assessment which is revised on an ongoing basis to reflect evolving risks and changes within the IJB. The Internal Audit Annual Audit Plan 2019/2020 was discussed and agreed at the Audit Committee on 12 September 2019. In addition, consultation on the content and coverage of the audit plan took place with the Chief Officer and the Chief Financial Officer.

Responsibility and reporting lines of the Chief Internal Auditor

- 4.3 The Chief Internal Auditor reports functionally to the IJB Audit Committee and has a right of access and freedom to report in her own name to all officers and members and particularly those charged with governance. The adoption of these arrangements enables the IJB to conform with the reporting line requirements of the International Standard on Auditing (“ISA”) (UK and Ireland) 610 and the Public Sector Internal Audit Standards which were adopted by Local Government in the United Kingdom on 1 April 2013.
- 4.4 The Chief Internal Auditor also has a specific responsibility to the IJB’s s95 Officer to provide assurances which informs the preparation of the Annual Governance Statement for inclusion in the IJB’s Annual Report and Accounts.

The work of Internal Audit

- 4.5 Internal Audit is an independent appraisal function established by the IJB for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 4.6 In accordance with the principles of Corporate Governance, the Chief Internal Auditor reports with independence and impartiality to the IJB’s Audit Committee on a regular basis. The Chief Internal Auditor prepares an annual report containing a view on the adequacy and effectiveness of the systems of internal controls.

The work of Internal Audit (Continued)

- 4.7 The Internal Audit team operates in accordance with an established methodology that promotes quality and conformance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme of work approved by the IJB's Audit Committee. The Annual Audit Plan is based on a formal risk assessment, which is revised on an ongoing basis to reflect emerging risks and changes within the IJB. The Internal Audit Annual Audit Plan for 2019/2020 was discussed and agreed at the Audit Committee on 12 September 2019.
- 4.8 All Internal Audit reports identifying system improvements or non-compliance with expected controls are brought to the attention of management and include recommendations for improvement and agreed Action Plans. It is management's responsibility to give proper consideration to Internal Audit reports and take appropriate action on audit recommendations. The Chief Internal Auditor is required to confirm that appropriate arrangements are made to determine whether action has been taken on Internal Audit recommendations or that management has understood and accepted the risks of not taking action. Management progress on implementing actions is reported to the IJB's Audit Committee at each committee cycle.

Responsibilities of Management and Internal Audit

- 4.9 It is Management's responsibility to maintain systems of risk management, internal control and governance.
- 4.10 Internal Audit is an element of the internal control framework established by management to examine, evaluate and report on accounting and other controls over operations. Internal Audit assists management in the effective discharge of its responsibilities and functions by examining and evaluating controls. Internal Audit cannot be held responsible for internal control failures.
- 4.11 Internal Audit's role includes assessing the adequacy of the risk management, internal controls and governance arrangements put in place by management and performing testing on a sample of transactions to ensure those controls were operating for the period under review.

Basis of the internal audit assessment

- 4.12 In accordance with Guidance supporting the Public Sector Internal Audit Standards, the assessment on risk management, control and governance is based upon:
- Internal Audit work undertaken by the Internal Audit Team during the year to 31 March 2019 (in accordance with the annual audit plan approved by the Audit Committee);
 - The assessments of risk completed during the preparation and updating of the annual audit plan;
 - Reports issued by Internal Auditors for Inverclyde Council and the NHSGGC;
 - Reports issued by Audit Scotland, the IJB's External Auditors; and
 - Internal Audit's knowledge of the IJB's governance, risk management and performance monitoring arrangements.

Limitations on the assurance that Internal Audit can provide

- 4.13 It should be noted that the assurance expressed within this report can never be absolute. It is not a guarantee that all aspects of risk management, control and governance are adequate. The most that internal audit can provide to the s95 Officer and Audit Committee is reasonable assurance based on the work performed.
- 4.14 There are inherent limitations as to what can be achieved by internal control and consequently limitations to the conclusions that can be drawn from this engagement. These limitations include the possibility of faulty judgment in decision making, of breakdowns because of human error, of control activities being circumvented by the collusion of two or more people and of management overriding controls. Also there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in future.
- 4.15 Organisations and their internal control needs differ by type, size, culture and management philosophy. One organisation's internal control system may be very different from another's in relation to similar processes. Also, decisions made in designing internal controls inevitably involve the acceptance of some degree of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance any assessment of internal control is judgmental.

Satisfactory	<p>Controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.</p> <ul style="list-style-type: none"> • A limited number of Amber rated issues may have been identified, but generally only green issues have been found in individual audit assignments. • None of the individual assignment reports have an overall opinion of <i>Requires Improvement or Unsatisfactory</i>.
Generally Satisfactory with some improvement needed	<p>A few specific control weaknesses were noted: generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.</p> <ul style="list-style-type: none"> • A number of Amber rated issues identified in individual audit assignments that collectively do not significantly impact the system of internal control. • Red rated issues that are isolated to specific systems or processes. • None of the individual assignment reports have an overall opinion of <i>Unsatisfactory</i>.
Major improvement needed	<p>Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.</p> <ul style="list-style-type: none"> • A high number of Amber rated issues that collectively have a significant impact on some parts of the system of internal control but are not widespread. • A number of Red rated issues that collectively have a significant impact on some parts of the system of internal control but are not widespread. • A small number of individual assignment reports have an overall opinion of <i>Requires Improvement or Unsatisfactory</i>.
Unsatisfactory	<p>Controls evaluated are not adequate, appropriate or effective to provide reasonable assurance that risks are being managed and objectives should be met.</p> <ul style="list-style-type: none"> • Amber and Red rated issues identified in individual assignments that collectively are widespread to the system of internal control. • A high number of individual assignment reports have an overall opinion of <i>Requires Improvement or Unsatisfactory</i>.