
Report To: Inverclyde Integration Joint Board Audit Committee **Date:** 29 March 2021

Report By: Louise Long
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Inverclyde Health & Social Care Partnership **Report No:** IJBA/05/2021/AP

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Subject: INTERNAL AUDIT - ANNUAL PLAN 2021-2022

1.0 PURPOSE

- 1.1 The purpose of this report is to present the Internal Audit Annual Strategy and Plan for 2021-2022 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 2021-2022 is set out at Appendix 1.
- 2.5 The total budget for the Internal Audit Annual Plan for 2021-2022 has been set at 40 days. The Plan does not contain any contingency provision. Where there are any unforeseen work demands that arise e.g. 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 approves the Internal Audit Annual Plan for 2021-2022.

**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 2021-2022 is set out at Appendix 1.
- 5.3 The total budget for the Internal Audit Annual Plan for 2021-2022 has been set at 40 days. The Plan does not contain any contingency provision. Where there are any unforeseen work demands that arise e.g. 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 The IJB's Chief Officer and Chief Financial Officer have been consulted in relation to the proposed annual audit plan coverage for 2021-2022.
- 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 2021-2022

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 2021-2022**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 2021-2022 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 40 days which will be resourced as follows:

Team Member

Audit Practitioner – 35

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 well as undertaking audit planning and relevant reporting to the Audit Committee. As such, an allocation of 5 days 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 2021-2022

5 Proposed Audit Coverage 2021-2022

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

Risk Register Reference	Previous Assurance Work	Planned Assurance Work 2021-22
IJB Risk 1 – Effective Governance I 4 L 2 Risk Score 8	16/17 – Review of Governance Arrangements	Performance management and reporting is a key aspect of corporate governance. Internal audit will review the adequacy and effectiveness of the performance management and reporting arrangements.
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	17/18 - Strategic Planning and Performance Management Arrangements 18/19 – Financial Planning 19/20 Budgetary Control	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 20/21 – Advisory review on new IJB Directions Policy	The updated IJB Directions policy and guidance was approved by the IJB at its meeting in September 2020. Internal Audit will review the adequacy and effectiveness of arrangements in place to implement the new policy and procedures.
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

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2021-2022

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 2020-2021	Annual report on 2020-2021 audit activity will be provided to CFO to inform the Annual Governance Statement for the IJB.
Risk Management Process	A review of the risk management process was planned to be undertaken at a development session in March 2021. Internal Audit will provide advice to IJB Members based on best practice developments.
Total Staff Days	
	40

INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2021-2022

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 2021-2022 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 2021-2022.