

Title/Subject: Internal Audit Progress Report
Meeting: Falkirk Integration Joint Board Audit Committee
Date: 25 June 2018
Submitted By: Chief Internal Auditor
Action: For Noting

1. INTRODUCTION

- 1.1. The aim of this paper is to brief the Audit Committee on the progress on the 2017/18 IJB internal audit plan and to inform the Audit Committee of relevant Falkirk Council and NHS Forth Valley internal audit reports.

2. RECOMMENDATIONS

The Audit Committee is asked to:

- 2.1. Note the progress on the 2017/18 internal audit plan set out in Appendix A.
- 2.2. Note the summary of relevant NHS Forth Valley internal audit reports relevant to the IJB, set out in Appendix B. There are no relevant Falkirk Council reports.
- 2.3. Note that work on FK03-19 – 2017/18 Annual report is in progress. It is anticipated that a report will be issued by the end of June 2018 and will therefore be available to the External Auditors in early July 2018.

3. BACKGROUND

- 3.1. The Falkirk IJB Internal Audit Plan 2017/18 was approved by the Audit Committee at its meeting held on 13 September 2017.

4. PROGRESS UPDATE

- 4.1. Work on the completion of the 2017/18 internal audit plan is continuing and progress is as expected.
- 4.2. High level summaries of Falkirk Council and NHS Forth Valley internal audit reports which have been agreed with the Chief Officer / Chief Finance Officer as relevant to

the IJB Audit Committee are summarised in appendix B. These audits have already been reported to the parties Audit Committees.

- 4.3. The assignment plan for Internal Audit FK04-18 - Risk Management was issued on 8 January 2018. Risk management arrangements continue to develop and an update paper is scheduled to be provided to the Audit Committee. Management have agreed that Internal Audit will use time previously allocated for the risk management audit to provide advice on the refresh of risk management arrangements in order to meet established risk maturity criteria.
- 4.4. Internal Audit FK05-18 – Assurance Framework was removed from the 2017/18 internal audit plan as arrangements were not sufficiently developed and embedded for this work to add value. A review of the Assurance Framework has been included in the draft 2018/19 internal audit plan.
- 4.5. Internal Audit FK06-18 – Capacity will be completed in early 2018/19.
- 4.6. Internal Audit FK07-18 – the Financial Governance draft audit report was issued to the Chief Finance Officer on 12 June 2018.

5. CONCLUSIONS

Resource Implications

There are no resource implications arising from the recommendations in this report.

Impact on IJB Outcomes and Priorities

Effective governance, including risk management and internal control, will be necessary to deliver the outcomes and priorities of the IJB.

Legal & Risk Implications

Risk management is part of the Internal Audit plan.

Consultation

All internal audit reports are circulated and reviewed by management prior to final publication.

Equalities Assessment

No equalities issues arise from the recommendations of this report.

Approved for Submission by: **A Gaskin, BSc, ACA, Chief Internal Auditor**

Date: 15 June 2018

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Falkirk IJB Report Detail
2017/18

	Audit	Indicative Scope	Target Audit Committee	Planning commenced	Work progress in	Draft Issued	Completed	Grade
FK01-18	Audit Planning	Agreeing audit universe and preparation of strategic plan	Sep-17					N/A
FK02-18	Audit Management	Liaison with managers and Directors and attendance at Audit Committee	Ongoing	Complete				
FK03-18	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	Jun-18					N/A
FK04-18	Risk Management	Review of systems of risk management, assessment of risk maturity and consideration of assurances mechanisms for key controls	Jun-18					
FK05-18	Assurance Framework	Advice on development of Assurance Framework and review of committee effectiveness	Mar-18	Audit deferred to 2018/19 at request of management.				
FK06-18	Capacity	This audit will review the IJB's capacity to implement its strategic priorities and affect service change.	Sep-18					
FK07-18	Financial Governance	Financial planning, monitoring and reporting	Jun-18					

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NHS Forth Valley Report detail

Report No.	Report Description	Opinion	Key findings relevant to Falkirk IJB
A06/19	Annual Internal Audit Report 2018/19	Various	<p>Based on work undertaken throughout the year the Chief Internal Auditor concluded that Forth Valley NHS Board had adequate and effective internal controls in place during 2017/18.</p> <p>The Board produced a Governance Statement which stated that:</p> <ul style="list-style-type: none"> <i>During the previous financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. Attention is, however, drawn to the key risks reported to Forth Valley NHS Board during 2017/18 and in particular to the treatment time guarantees underpinned by statute.</i> <p>Our audit provided evidence of compliance with the requirements of the Accountable Officer Memorandum and this combined with a sound corporate governance framework in place in the Board throughout 2017/18, provides assurance for the Chief Executive as Accountable Officer.</p> <p>A key feature of recent internal audit interim and annual reports had been the requirement to clearly define and agree integrated governance and risk management arrangements with the IJB and the Local Authorities with clear delineation between IJB Chief Officers in their capacity as Health Board officers and when acting on behalf of the IJB and to agree arrangements for ongoing and year-end assurances. This requirement was again explored in A09/18 – Governance Overview and management agreed that this process would be concluded by end September 2018.</p> <p>The Chief Executive provided the 27 March 2018 Board with an update on work to take forward integration on a phased basis across Forth Valley. Operational responsibility for integrated mental health and learning disability services transferred over to the two Forth Valley Health and Social Care Partnerships in February 2017 and from September 2018 the District Nursing, ReACH teams, Community Mental Health for Older People, Community Learning Disability Residential Services and Community Hospitals (inpatient services only) will be managed within the Partnerships. The paper proposed further delegated operational management arrangements, including corporate support to the Partnerships and steps being taken to inform lead partnership or hosting arrangements.</p>
A19/18	Financial Process Compliance	A	<p>We conducted high level compliance testing of adequacy and effectiveness of key controls in each of these areas:</p>

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			<ul style="list-style-type: none">• Central Payroll;• Travel Expenses;• Accounts Receivable;• Accounts Payable;• Banking Arrangements. <p>Based on the testing undertaken, we found no evidence to suggest that the systems were failing to meet business objectives.</p>
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