



**Title/Subject:** Internal Audit Progress Report  
**Meeting:** Integration Joint Board Audit Committee  
**Date:** 28 March 2019  
**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 2018/19 IJB internal audit plan and to inform the Audit Committee of relevant Falkirk Council and NHS Forth Valley internal audit reports, as agreed with the Chief Officer / Chief Finance Officer as relevant to the IJB Audit Committee.

## **2. RECOMMENDATIONS**

The Audit Committee is asked to:

- 2.1. note the progress on the 2018/19 internal audit plan set out at appendix 1;
- 2.2. Note the summaries of relevant reports from the partner bodies set out at appendix 2.

## **3. BACKGROUND**

- 3.1. The Falkirk IJB Internal Audit Plan 2018/19 was approved by the Audit Committee at its meeting held on 25 June 2018.

## **4. PROGRESS UPDATE**

- 4.1. Resources to deliver the plan are provided by the NHS Forth Valley and Falkirk Council Internal Audit services and work on the completion of the 2018/19 internal audit plan is continuing. Work is behind trajectory as a result of staff shortages. However, the internal audit team is now fully staffed and fieldwork on the remainder of the 2018/19 audit plan is being actively progressed. We therefore expect to substantially deliver the 2018/19 plan by June 2019. We can confirm that we will complete audit work sufficient to allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls at year-end.
- 4.2. Internal audit work is in progress on 2018/19 audits as detailed at appendix 1. Internal audit have agreed with Management that FK04-19 Workforce Planning will not be completed as part of the 2018/19 internal audit plan due to the significant changes in this area.

- 4.3. Progress on two areas from the 2017/18 plan is detailed below.
- 4.4. Risk Management – the updated Risk Management Strategy and the revised, high level Strategic Risk Register will be considered by the 28 March 2019 Audit Committee before submission to the IJB on 6 April 2019 for approval. The Risk Management Strategy dove-tails with each partner's existing Risk Management Strategies and the IJB's Strategic Plan defines their approach to risk as: *“the partnership approach is to be able to identify, manage and tolerate risk, to enable staff to work in different and innovative ways to meet service user and carer personal outcomes and deliver the national and local integration priorities”*. The internal audit annual report will conclude on Falkirk IJB's revised Risk Management arrangements assessed against criteria based on Institute of Risk Management, Institute of Internal Auditors and HM Treasury guidance.
- 4.5. Financial Governance – initial fieldwork has been completed on this area. The draft report is being updated to reflect the current financial projection and cost pressures, and ongoing discussions to agree the Risk Sharing Agreement for 2018/19, which may have an impact on the conclusions and recommendations.

## **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.

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

**Date: 25 March 2019**

**Falkirk IJB Performance and Audit Committee**

**29-Mar-19**

**Appendix 1**

**Internal audit progress report**

**Falkirk IJB Report Detail**

**2018/19**

	Audit	Indicative Scope	Target Audit Committee	Planning commenced	Work progress in	Draft Issued	Completed	Grade
<b>FK01-19</b>	Audit Planning	Agreeing audit universe and preparation of strategic plan	Jun-19					N/A
<b>FK02-19</b>	Audit Management	Liaison with managers and Directors and attendance at Audit Committee	Ongoing	Ongoing				
<b>FK03-19</b>	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	Jun-18					N/A
<b>FK04-19</b>	Workforce Planning	Staff resource to develop sufficient integrated arrangements, including corporate support functions.	Jun-19	Removed - no added value in 2018/19 - significant changes in this area being progressed.				
<b>FK05-19</b>	Assurance Framework	Advice on development of Assurance Framework and review of committee effectiveness	Jun-19					
<b>FK06-19</b>	Performance Management	Adequacy, accuracy, relevance, reliability, data quality, timeliness and interpretation of reporting to facilitate appropriate scrutiny and challenge.	Jun-19					

NHS Forth Valley Report detail

Report No.	Report Description	Opinion	Key findings
A08/19	Internal Control Evaluation	N/A	<p>As Accountable Officers, Chief Executives are responsible for maintaining a sound system of internal control and to manage and control all the available resources used in his/her organisation. This review aims to provide early warning of any significant issues that may affect the Governance Statement.</p> <p>The principal objective of this review is to provide assurance to the Chief Executive, as Accountable Officer, and to Forth Valley NHS Board, that there is a sound system of internal control that supports the achievement of the Board's objectives.</p> <p>Our Interim Evaluation of Internal Control Framework audit work is informed by detailed review of formal evidence sources including Board, Standing Committee, Senior Leadership Team (SLT) and other papers. Our opinions are also informed by regular meetings with Directors and other senior officers and through fieldwork undertaken for specific audits during the year.</p> <p>Key findings from our review were:</p> <ul style="list-style-type: none"> <li>• NHS Forth Valley has been pro-active in enhancing governance arrangements and has taken into account previous internal audit recommendations as part of this process;</li> <li>• Progress in arrangements to deliver the Healthcare Strategy and support achievement of savings through the Strategy Deployment Matrix has been extremely positive;</li> <li>• Arrangements to provide assurance on implementation of the Healthcare Strategy continue to evolve and require enhancement, particularly in assurance reporting to Board and Standing Committees;</li> <li>• Executive Performance reports are objective, comprehensive, transparent and balanced;</li> <li>• An overhaul of risk management arrangements is ongoing and Internal Audit is contributing to this;</li> <li>• The development of a standalone Risk Management Strategy is being finalised and the refresh of the Clinical Governance Strategy needs to be progressed;</li> <li>• Recommendations from Internal Audit Reports A16/16 and FK07-17 on Clinical and Care Governance have not progressed as expected;</li> <li>• There has been considerable activity during the year and progress has been made in clarifying governance arrangements for Health &amp; Social Care Integration including consideration of assurance arrangements. These arrangements now need to be reflected in the Standing Orders and Scheme of Delegation with particular reference to the flow of assurances between the Board and the IJBs. Other findings within this report will also require amendment to Standing Committee remits;</li> <li>• There is appropriate monitoring of the Board's financial position at NHS Forth Valley Board and Standing Committee level.</li> </ul> <p>An action plan has been agreed with management to address the identified weaknesses. A follow-up of implementation of the agreed actions will be undertaken in accordance with the audit reporting protocol.</p>