

Agenda Item 5

Internal Audit Progress Report



Falkirk Integration Joint Board Audit Committee

3 December 2021

Internal Audit Progress Report

For Noting

1. Executive Summary

- 1.1 This report provides an update on progress with completing the 2020/21 and 2021/22 Internal Audit Plans.
- 1.2 Since the last meeting of the Committee the 2020/21 Internal Audit report on Risk Management Arrangements has been finalised, and progress is being made with 2021/22 Internal Audit work.

2. Recommendations

The Audit Committee is asked to:

- 2.1 Note progress being made with completing the 2020/21 and 2021/22 Internal Audit Plans.

3. Progress with Completing 2020/21 and 2021/22 Internal Audit Plans

- 3.1 The current position is summarised in the table below and overleaf:

2020/21 Internal Audit Plan:	
Risk Management Arrangements	Final report issued on 2 November 2021. Summary of key findings at Appendix 1 .
2021/22 Internal Audit Plan:	
Business Continuity and Resilience	Terms of Reference for the review are currently being agreed with senior management. Review will be undertaken in the last quarter of the 2021/22 audit programme.
Directions	Internal Audit work will be scheduled for the last quarter of the 2021/22 audit programme.

4. Conclusions

- 4.1 Completion of planned work will allow Internal Audit to provide a balanced and evidenced based assurance on the IJB's arrangements for risk management, governance, and control.

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.

Directions

There is no need for a new or amended Direction as a result of the recommendations of this report.

Legal & Risk Implications

The role of Internal Audit is to provide assurance on the IJB's arrangements for risk management, governance, and control. Recommendations made by Internal Audit aim to reduce or mitigate risk to which the IJB may be exposed.

Consultation

All Internal Audit reports are circulated in draft and reviewed by management prior to final publication.

Equalities Assessment

No equalities issues arise from the recommendations of this report.

5. Report Author

- 5.1 Author of report – Isabel Wright, Falkirk Council Internal Audit Manager

6. Appendices

Appendix 1:	Appendix 1: Summary of Findings Arising from Internal Audit Work
Appendix 2:	Appendix 2: Definition of Internal Audit Assurance Categories



Appendix 1

Summary of Findings Arising from Internal Audit Work

Internal Audit Plan	Assignment	Assurance
2020/21	Risk Management Arrangements	Limited Assurance
Scope	Final Report Executive Summary	
<p>The Falkirk Health and Social Care Partnership Risk Management Strategy was approved by the IJB following consideration by the March 2019 Audit Committee. It was due for review in March 2021, but it was concluded that more fundamental review was required which would be informed by this audit.</p> <p>Internal Audit work sought to provide assurance in relation to the following risks:</p> <ul style="list-style-type: none"> • The organisation may not be managing risks appropriately because it does not have a comprehensive risk management framework, congruent with those of its partner organisations in place, comprising appropriate strategy, structures, and policies and procedures based on sound risk management principles appropriate to integrated working. • Risk is not considered and addressed as part of all decision-making activities. • All relevant strategic and operational risks may not be accurately identified, assessed, evaluated, recorded, and monitored. • The quality of data including risks, controls, and assurance may not be to the required standard. • Risk responses may not be appropriate and aligned with an appropriately defined and approved risk appetite. • Relevant risk information may not be captured and communicated in a timely manner across the organisation, enabling staff, management, and the board to carry out their responsibilities. • Users may not have appropriate knowledge of, and access to, robust risk management systems which are structured to allow partnership working. • Training and awareness for all stakeholders of the risk management process may be insufficient. • Adequate resources may not be available to support the risk management process. • Risks with partner organisations may not be appropriately managed. This may include responsibility for managing operational risks is not clearly assigned, effective assurance and reporting arrangements are not in place over all risks relating to delegated functions, and appropriate assurances are not provided to all relevant bodies and their Audit Committees on the operation of risk management and the integrity of systems. 	<p>Most key elements are in place. We are encouraged by the enhanced risk management support arrangements now provided by both partners, however, there are a number of significant improvements required for Risk Management to achieve full maturity.</p> <p>Key areas for improvement, many of which have already been identified by the Chief Finance Officer include:</p> <ul style="list-style-type: none"> • Comprehensive revision of the Risk Management Strategy; • Development of a meaningful risk appetite which informs decision-making and prioritisation; • Greater focus on risk within IJB reports and at the HSCP Senior Leadership Team; • Significant revision of the Risk Register including: <ul style="list-style-type: none"> o Clearer focus on the Strategic Plan and strategic objectives. o Better links to the partner Risk Registers. o Formal horizon scanning. o More fundamental consideration of the impact of Covid; • Reporting of assurances over controls, actions and risks, and formal assurance on Risk Management through provision of an annual Risk Management report; and • Formal allocation of responsibility and accountability for risks, including training where appropriate. <p>We have recommended that a detailed Risk Management workplan for implementation of these improvements be approved and monitored by the Audit Committee.</p>	

Definition of Internal Audit Assurance Categories

Level of Assurance	Definition
Substantial assurance	Largely satisfactory risk, control, and governance systems are in place. There is, however, some scope for improvement as current arrangements could undermine the achievement of objectives or leave them vulnerable to error or abuse.
Limited assurance	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
No assurance	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.