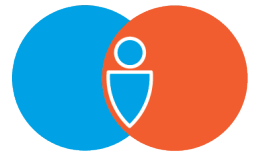


# **Agenda Item 5**

## **Internal Audit Progress Report**



# Falkirk Integration Joint Board Audit Committee

2 December 2022

## Internal Audit Progress Report

For consideration and comment

### 1. Executive Summary

- 1.1 The aim of this report is to brief the Audit Committee on the progress on the 2022/23 IJB Annual 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 2022/23 Annual 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 2022/23 was approved by the Audit Committee at its meeting on 23 September 2022.
- 3.2 Progress with the plan is shown in appendix 1.
- 3.3 Appendix 2 summarises relevant reports from the partner bodies.
- 3.4 Under the agreed system of rotation of responsibilities amongst the constituent authorities, the Chief Internal Auditor of FTF Internal Audit currently provides the IJB Chief Internal Auditor role. The Audit Committee approved the Internal Audit Charter on 23 September 2022. We can confirm that FTF Internal Audit complies with Public Sector Internal Audit Standards (PSIAS).
- 3.5 For 2022/23, resources to deliver the plan will be provided solely by the FTF NHS Forth Valley internal audit team. Where required, the Falkirk Council Internal Audit services team will provide FTF Internal Audit with required information from Falkirk Council.

## 4. Progress with Completing 2022/23 Internal Audit Plan

- 4.1 Internal audit FK05-23 Strategic Plan was originally due to be presented to the December 2022 Audit Committee. Following discussion with Management, it was agreed that it would be better to defer this audit to the March 2023 Audit Committee, better to reflect the expected March 2023 timeline for conclusion of the new Strategic Plan. In addition, this work will take cognisance of the refresh of the NHS Forth Valley Healthcare Strategy, which is planned for January 2023.
- 4.2 Work on FK03-23 Internal Control Evaluation will be carried out during January / February 2023 and reported to the March 2023 Audit Committee. This audit is currently at the planning stage, and it will assess the adequacy and effectiveness of internal controls, providing time for any remedial action to be taken before year-end, allowing the annual accounts process to be focused on year-end assurances and confirmation that the required actions have been implemented.
- 4.3 The Chief Finance Officer and the Regional Audit Manager meet every six weeks to discuss ongoing developments. This provides an opportunity for Internal Audit to provide advice where appropriate.

## 5. Conclusions

- 5.1 Completion of planned work will allow the Chief Internal Auditor to provide his opinion on the adequacy and effectiveness of internal controls at year-end.

### 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, is essential for delivery of the outcomes and priorities of the IJB.

### Directions

A new direction or change to an existing direction is not required.

### Legal & Risk Implications

The internal audit planning process which produced the Annual Internal Audit Plan takes into account the strategic risk profile of the organisation. Individual internal audit assignments identify the key risks at the planning stage and our work is designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified. Legislative requirements are a core consideration in planning all internal audit reviews.

### Consultation

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

### Equalities Assessment

An Equality Impact Assessment is not required. All internal audit reviews which involve review of policies and procedures will examine the way in which equality and diversity is incorporated within documentation.

## 6. Report Author


6.1 A Gaskin BSc ACA, Chief Internal Auditor


## 7. Appendices

**Appendix 1:** Progress report

**Appendix 2:** Summarises of relevant reports from partner bodies

Ref	Audit	Indicative Scope	Target Audit Committee	Planning commenced	Work in progress	Draft issued	Completed	Grade
FK01-23	Audit Planning	Agreeing audit universe and preparation of internal audit annual plan.	September 2022				23 September 2022	N/A
FK02-23	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer and attendance at Audit Committee.	Ongoing					N/A
FK03-23	Internal Control Evaluation	Holistic assessment of the internal control environment in preparation for production of 2022/23 Annual Report in time to allow corrective action.  Follow-up of previous agreed governance actions including Internal Audit recommendations.	March 2023					N/A
FK04-23	Workforce	Coherent, co-ordinated, adequate and effective approach to managing significant workforce risks. Strategic & operational responses across the totality of the workforce, including contracted services and 3 <sup>rd</sup> sector.	May 2023					
FK05-23	Strategic Plan	This audit will review proposed arrangements for preparation of the revised Strategic Commissioning Plan against Strategic Planning principles developed by FTF and	<del>December 2022</del> March 2023					

Report No.	Report Description	Opinion	Key findings
NHS Forth Valley			
A06 & A07/23 Governance Statement & Annual Internal Audit Report	Review of the Board's internal control framework for the financial year 2021/22.	N/A	<p>The Chief Internal Auditor concluded that the Board had adequate and effective internal controls in place for the financial year 2021/22.</p> <p>The report made nine recommendations, with appropriate action agreed with Management:</p> <ul style="list-style-type: none"> <li>• Prioritisation of financial sustainability;</li> <li>• Flow of assurances through committee structures;</li> <li>• Requirement for bi-annual, high level updates to Board on progress with MSG recommendations, the review and agreement of the Integration Schemes, and any relevant issues from the IJBs;</li> <li>• Clinical Governance assurances;</li> <li>• Reporting and monitoring of compliance with the Staff Governance Standard;</li> <li>• The Workforce Plan and associated monitoring arrangements;</li> <li>• Sustainability / environmental risk</li> <li>• Capital funding strategic risk</li> <li>• Affordability of Digital &amp; eHealth Delivery Plan</li> </ul>
A27/22 Electronic Employee Support System	Review of controls within the Electronic Employee Support System	<p>Reasonable Assurance</p> 	<ul style="list-style-type: none"> <li>• An interim arrangement for authorisation of permanent payroll amendments in eESS was introduced in March 2020. Internal audit A23/21 – Payroll, issued on 2 March 2021, recommended that this arrangement be reviewed and amendments to controls formally approved. While the preferred option of continuing with the current process was agreed, there was no documentary evidence of this formal decision and subsequent communication. This may have been due to staff changes at this time.</li> <li>• The Option Appraisal will be updated; the preferred option will be formally agreed appropriately communicated to relevant staff.</li> <li>• Internal Audit reviewed the system currently in operation and concluded that: <ul style="list-style-type: none"> <li>➢ An effective control framework was in place and was being complied with. We reported some areas where the application of current controls could potentially be improved upon.</li> <li>➢ Effective user access controls were being applied.</li> <li>➢ While a full reconciliation between the Authorised Signatory permissions for payroll had not been carried out, permissions as set up in eESS were appropriate.</li> <li>➢ The mandated local data quality checks for the transactions on eESS and daily interface with the ePayroll system were being complied with.</li> </ul> </li> </ul>
A28/22	Out of Hours Departmental	Limited Assurance	This audit reviewed departmental payroll and rostering processes and management

	Review		<p>have agreed recommendations to:</p> <ul style="list-style-type: none"> <li>• Develop a departmental risk register to record, monitor and mitigate risks;</li> <li>• Ensure that staff receive appropriate training and support and understand their responsibilities in relation to completion of timesheets, and have the capability and capacity to do so effectively and efficiently;</li> <li>• Produce a Standard Operating Procedure (SOP) for completion of timesheets and implement a SOP to confirm accuracy of payroll information for input to the Scottish Standard Time System;</li> <li>• Introduce periodic supervisory checks to monitor compliance with the SOP and reinforce proper procedures where necessary;</li> <li>• Explore variances in interpretation of terms and conditions and 'custom and practice', particularly in whether guidance is recommended or mandatory;</li> <li>• Improve communications within the department;</li> <li>• The Out of Hours department is undergoing a service redesign process and we will carry out a full departmental review in our 2022/23 internal audit annual plan.</li> </ul>
Falkirk Council Internal Audit Reports : None Applicable			