



Integration Joint Board  
Audit and Risk Committee

11 September 2018

This Report relates to  
Item 7 on the Agenda

# Internal Audit Annual Report

*Paper presented by Julie Watters*

*For Discussion and Noting*

<b>Approved for Submission by</b>	Chief Finance Officer, Integration Joint Board
<b>Author</b>	Julie Watters Chief Internal Auditor Integration Joint Board
<b>List of Background Papers</b>	
<b>Appendices</b>	Appendix 1 – DGC Internal Audit Outturn report Appendix 2 – Management Action Plan from 2017 IJB Governance Arrangements audit

## SECTION 1: REPORT CONTENT

**Title/Subject:** IJB Internal Audit Annual Report

**Meeting:** Audit and Risk Committee

**Date:** 11 September 2018

**Submitted By:** Julie Watters

**Action:** For Discussion and Noting

### 1. Introduction

- 1.1 The purpose of this report is to update Audit and Risk Committee on the assurances gained from delivery of the Internal Audit Plan for the Integration Joint Board (IJB) for the year 2017/18.

### 2. Recommendations

- 2.1 **The IJB Audit and Risk Committee is asked to note the contents of this report which summarises the work undertaken by Internal Audit during 2017/18 and provides the Chief Internal Auditor's opinion on the internal control environment within the Integration Joint Board for the financial year 2017/18.**

### 3. Background

- 3.1 The Scottish Government Integrated Resources Advisory Group (IRAG) issued "Guidance for Integrated Financial Assurance" in support of the Public Bodies (Joint Working) (Scotland) Act 2014.
- 3.2 The guidance requires the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and control of the delegated resources. The guidance further states that the IJB has a responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control.
- 3.3 Internal Audit is required to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control to inform the above review and the preparation of the governance statement.
- 3.4 The internal audit plan for the IJB for 2017/18 has taken into consideration the operational delivery of services within the Health Board and Local Authority on behalf of the IJB and the assurances that have been delivered by the separate internal audit plans completed during 2017/18.

#### 4. Main Body of the report

- 4.1 As approved by Audit and Risk Committee, the audit plan for 2017/18 has been structured to address the requirements at this stage in the integration process and recognise that assurances required will change as the maturity of the IJB develops.
- 4.2 Audit assurances to the IJB are not delivered in isolation and the internal audit functions of both the NHS and Council also deliver assurances to their own organisations that should also be considered by the IJB where relevant. The Chief Internal Auditor for the IJB has ensured that this coordination of reporting on assurances is undertaken to provide an annual assurance statement which considers the whole control environment in which the IJB operates.
- 4.3 As Chief Internal Auditor, this annual report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2017/18.
- 4.4 No IJB specific internal audit reviews have been undertaken during the course of the year, however audit work carried out within each of the host organisations has been considered in preparing this annual report.

#### NHS Dumfries and Galloway – Assurances considered

- 4.5 During 2017/18 the NHS Internal Audit function delivered the following audits, many of which have also been considered in forming an overall opinion on the control environment of the IJB.

Audit	Assurance	Number of actions	IJB relevance
Board Governance and Decision Making - Structures	Moderate	6	✓
Health and Safety Policy and Procedures	Limited	11	✓
Nurse Revalidation (incl. Midwifery and AHPs)	Significant	3	✓
Information Governance & Security Improvement Measures - DL17(2015)	Limited	6	✓
New Hospital - Migration and Commissioning Plans	Moderate	4	✓
Laboratories	-	-	
Capacity Management	Significant	4	✓
Out of Hours Service	Moderate	7	✓
Child Protection	Moderate	2	✓
Commissioning	Significant	5	✓
Property Transaction Monitoring	Comprehensive	0	
Losses and Compensation	Moderate	2	
Budgetary Control - Ring Fenced Funding	Significant	3	✓
Ledger Controls and Reconciliations	Significant	3	
Cash Control & Banking	Significant	3	

- 4.6 All of these audits give an indication on the control environment within the IJB given that staffing and processes that sit within the NHS are delivering on the objectives

of the IJB, however those with more relevance have been identified above. This information was previously brought to the June 2018 IJB ARC in the full NHS Internal Audit Annual Report and members of Audit and Risk Committee will be brought updates on the progress of closure of audit actions moving forward within quarterly audit updates.

- 4.7 The Health Board has a robust process for preparing the Governance Statement which collates assurances from across the relevant areas of governance. This statement has been reviewed along with supporting evidence as part of NHS processes to allow the Chief Internal Auditor to form a view on the risk management, governance and control processes within the NHS. As detailed in the June paper this concluded that there were adequate and effective internal controls in place throughout the year.

### **Dumfries and Galloway Council – Assurances considered**

- 4.8 The Chief Internal Auditor of the IJB has discussed with the Chief Internal Auditor of Dumfries and Galloway Council assurances that can be gained from work they have undertaken that could be relevant to the IJB. Whether or not audits are directly IJB related, audits undertaken by DGC should be considered as they provide assurances over the control framework of the Council and have an impact where these areas come under the remit of the IJB either partly or indirectly.
- 4.9 One audit undertaken by the Council with specific relevance to the IJB related to Payment Cards for Personal Budgets. This was reported through the Council's Audit Risk and Scrutiny Committee in September 2017 and concluded that moving self-directed support payments onto pre-paid cards should continue to be developed despite a perceived lack of resources
- 4.10 The Annual Report of the Council's Chief Internal Audit Manager which includes his Controls Assurance Statement is included at Appendix 1. This report indicates staffing pressures within the Internal Audit team due to staff secondment which have reduced the number of audit days delivered by the removal of some audits within the plan. Future consideration should be given to the removal of audits from the audit plan where they not only affect assurances to the Council but also impact on those given to the IJB as an audit relating to real-time monitoring of Home Care Payments was removed from the plan and this would have delivered assurances to the IJB as well as the Council.
- 4.11 The Council's draft Governance Statement has also been considered to understand where assurances are given relating to integration and joint working. This made specific reference to strengthening Elected Members' and Officers' understanding of IJB governance arrangements and roles and responsibilities as an area for development for 2018/19.

### **Assurances specific to the Integration Joint Board**

- 4.12 During 2016/17, an audit specific to the IJB, IJB/01/17 - IJB Governance Arrangements was undertaken. This audit gave a Moderate level of assurance and had 9 recommendations. Progress is being made to take forward the actions from this with many of these currently at various stages of completion. Of the 9

recommendations made, 2 have formally been closed off with 7 still recognised as outstanding. Appendix 2 details the Management Action Plan from this audit. We would recommend that Audit and Risk Committee monitor progress against closure of these actions moving forward.

- 4.13 One outstanding issue from this audit that has relevance on governance and assurance processes is the finalisation of the IJB Corporate Risk Register. This is currently under review and will be used to inform the 2018/19 Internal Audit plan once complete.
- 4.14 The Chair of the IJB Audit and Risk Committee has indicated an interest in setting up quarterly meetings with the Chair of the NHS Audit and Risk Committee and the Chief Internal Auditors of both the Council and the NHS Board to ensure that assurances can be shared and to help inform a view on the relationship between the control environments of the respective host organisations and the overall assurance framework within the IJB.

### **Chief Internal Auditor's opinion of the System of Internal Control 2017/18**

This statement is provided for the use of Dumfries and Galloway Integration Joint Board in support of the Governance Statement for the year ended 31 March 2018.

Based on our work throughout the year, Internal Audit have concluded that:

- There were adequate and effective internal controls in place throughout the year;
- The Accountable Officer has implemented a governance framework in line with required guidance sufficient to discharge the responsibilities of this role;

In addition, we have not advised of any concerns around the following:

- The format and content of the Governance Statement in relation to the relevant guidance
- The process adopted in reviewing the effectiveness of the system of internal control and how these are reflected
- Consistency of the Governance Statement with the information that we are aware of from our work
- The disclosure of relevant issues

The 2017/18 Internal Audit plan has been delivered in line with the Public Sector Internal Audit Standards.

- 4.15 Future planning will be undertaken once the Internal Audit arrangements for future years have been confirmed. As stated above this will be informed by the IJB's risk

register, once fully developed and the reporting that comes through the IJB and its Committees to ensure that the plan is risk based.

## **SECTION 2: COMPLIANCE WITH GOVERNANCE STANDARDS**

### **5. Resource Implications**

5.1 As the NHS audit plan had already been approved and internal resources committed to its delivery, the IJB work was undertaken internally from the existing resource within the NHS Internal Audit function.

5.2 Future resources required will depend on the audit model considered moving forward, although it is understood that the potential for joint working is no longer viable therefore the impact on the NHS audit resource must be considered

### **6. Impact on Integration Joint Board Outcomes, Priorities and Policy**

6.1 Internal Audit is a key element of the delivery of independent assurances around the achievement of the IJB's objectives.

### **7. Legal & Risk Implications**

7.1 There are a number of limitations to the audit plan delivered in that the risk register for the IJB was not available to inform the plan and ensure that it is based on management's view of risk. This is an area that will need to be enhanced for the future.

### **8. Consultation**

8.1 The IJB Chief Finance Officer and previous Chair of the Audit and Risk Committee were consulted on the proposed audit plan and its delivery and their views have been incorporated into this paper.

### **9. Equality and Human Rights Impact Assessment**

9.1 The Equality Framework within NHS D&G has been considered in creating the audit plan. An equalities impact assessment has not been completed.

## 10. Glossary

10.1. The following details the abbreviations and associated terms encountered throughout the course of this report.

<b>Abbreviation</b>	<b>Term</b>
ARC	Audit and Risk Committee
D&GC	Dumfries and Galloway Council
IJB	Integration Joint Board
IRAG	Integrated Resources Advisory Group
NHS D&G	NHS Dumfries and Galloway
PSIAS	Public Sector Internal Audit Standards

## OUTTURN AGAINST THE 2017-18 INTERNAL AUDIT PLAN AND CONTROLS ASSURANCE STATEMENT

### 1. Purpose of Report

The internal audit team operates to a plan agreed at the beginning of each financial year. The 2017-18 plan was approved by the Audit & Risk Management Committee at its meeting on 23 June 2017. This report provides information about the progress made by internal audit against the plan at the year-end and the conclusions arising from the work done.

### 2. Recommendations

Members are asked to:

2.1 note and comment on the progress made on the 2017-18 internal audit plan as detailed in **Appendix 1**; and

2.2 note internal audit's Controls Assurance Statement for 2017-18 (**Appendix 2**) which gives a positive assurance on the Council's internal control arrangements for the year.

### 3. Considerations

#### Issues in Completing the Internal Audit Plan

3.1 The 2017-18 annual internal audit plan was based on a direct time budget of 655 days. This was allocated across four programme areas of: main financial systems, departmental financial systems, risk management support and grants work. There was also a small contingency for unplanned work.

3.2 The priority for internal audit is main financial systems work. However, we were unable to undertake one of the five planned audits, in respect of Council Tax. A member of the team was seconded on a temporary basis for six months to support the DGOne Inquiry and this had an impact on the number of days available to complete the plan. The Council Tax audit will be rolled forward to the 2018-19 plan and will be undertaken as a priority alongside the other main financial systems work due to be completed that year.

3.3 Also because of the reduction in available audit days three other audits were not completed from the plan, two departmental systems audits and one specific risk audit. The requirement for this work has been reviewed in discussion with operational management and two of these audits, in respect of home care payments (real time monitoring) and the home energy efficiency fund's operation, are no longer required. The third audit, in respect of the use of purchase cards by schools, has been retained and is included in the 2018-19 internal audit plan being recommended to Members (elsewhere on the agenda).

3.4 There are two pieces of work from the 2017-18 plan that are still in progress, the income management system and commercial waste charges. These are at a late stage and will be completed without calling on the 2018-19 plan resource. The audit reports are expected to be available for the June meeting of the Committee. All the remaining work in the plan has now been concluded. The actual time spent on each programme area during the year is listed in **Appendix 1** along with the planned time and variance.



3.3 Overall the team delivered 544 direct audit days for the year against a plan figure of 655 (83% efficiency of adherence to plan days). This is the first of two statistical performance measures reported by internal audit. Later in the calendar year, a further performance indicator relating to the cost of internal audit will be compiled. This will be reported when the accounting figures are available.

#### **Controls Assurance Statement for 2017-18**

3.4 The work of internal audit is concerned with the following business objectives:

- Effective and efficient operations
- Reliable reporting arrangements
- Compliance with laws and policies

3.5 Internal audit provides an annual controls assurance statement which is a formal document stating whether or not the control framework established and operated by management provides reasonable assurance these business objectives are being met. This is one of the key assurances supporting the Governance Statement, which will be published with the Council's accounts.

3.6 No significant matters arose through internal audit's testing programme and consideration of control issues. An appropriate level of control is considered to have been in place and the overall conclusion is a positive assurance for 2017-18. A formal statement to this effect is provided in **Appendix 2**.

### **5. Future Developments**

4.1 The internal audit team is currently undertaking a self-assessment against the updated Public Sector Internal Audit Standards (2017 edition). The ratings will be evidenced and in due course, the evaluation will be validated by an independent external party. The exercise will lead to an improvement plan being developed for internal audit and this will be reported to the Committee later in the calendar year.

### **5. Governance Assurance**

5.1 The remit of the Audit, Risk and Scrutiny Committee has been set by the Council. In adopting the recommendation to note and comment on the progress made and to note the controls assurance statement, the Council will be acting within its legal powers.

5.2 Reviewing the progress against the annual plan contributes to sound corporate governance arrangements.

5.3 No other officers were consulted on this report as it addresses issues within the responsibilities of the report's author.

### **6. Impact Assessment**

As this report does not propose a change in policy/strategy/plan/project, it is not necessary to complete an impact assessment.

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**Author(s)**

<b>NAME</b>	<b>DESIGNATION</b>	<b>CONTACT DETAILS</b>
Kevin Geraghty	Internal Audit Manager	01387260179

**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>
Rhona Lewis	Head of Legal and Democratic Services

**Appendices - 2**

Appendix 1 - Internal Audit Plan 2017-18 – Performance at Twelve Months

Appendix 2 – Controls Assurance Statement 2017-18

**Background Papers**

Previous reports to Audit and Risk Management Committee at

<http://egenda.dumgal.gov.uk/aksdumgal/users/public/admin/kab71.pl>

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# APPENDIX 1

INTERNAL AUDIT PLAN 2017-18				
PERFORMANCE AT TWELVE MONTHS				
	Planned	Actual		
	Days	Days	Variance	Notes
Task				
1. Non-Audit Time				
Public Holidays	28.0	28.0	0.0	
Annual Leave	152.0	147.5	-4.5	
Other Absence	0.0	15.5	15.5	Compassionate leave, elections
Sick & Medical Absence	23.0	18.5	-4.5	
Secondment	0.0	132.0	132.0	DGOne Inquiry
Total Non-Audit Time	203.0	341.5	-138.5	
2. Indirect Time				
Management, Admin & Records Management	315.0	303.5	-11.5	
Training	23.0	7.0	-16.0	
Total Indirect Time	338.0	310.5	-27.5	
3. Direct Time				
Main Financial Systems:	250.0	201.5	-48.5	
Housing Benefit & Council Tax Reduction				Report finalised
Non-Domestic Rates				Report finalised
Council Tax				Not done - c/f to 2018-19 plan
Creditors - Total Repairs				Report finalised
Income Management				In progress
2016-17 Follow-ups				Report finalised
Departmental Financial Systems:	180.0	125.5	-54.5	
Home Care Payments (real-time monitoring)				Dropped
Payment Cards for Personal Budgets				Report finalised
Use of Purchase Cards by Schools				Not done - c/f to 2018-19 plan
Shop Front Initiative				Report finalised
Commercial Waste Charges				In progress
Risk Management				
Risk Management Support (Corporate & Service)	40.0	40.0	0.0	Support and training
Specific key risks and corporate issues:	140.0	121.0	-19.0	
Project and Programme Management Standards				Report finalised
Capital Spend to Save				Report finalised
Attainment Gap Funding				Report finalised
Home Energy Efficiency Fund				Dropped
Subtotal Risk Management Work	180.0	161.0	-19.0	
Grants Programme:				
EU Grant Certificates - LEADER	25.0	24.0	-1.0	Report finalised
Unplanned Audit Work	20.0			
Support on a community council issue		12.0	-	
Support on funded body		4.0	-	
Support on waste tonnages		6.0	-	
Support to SCOTS		10.0	-	
Subtotal Unplanned Audit Work	20.0	32.0	12.0	
Total Direct Time	655.0	544.0	-111.0	
ALL TIME TOTAL	1196.0	1196.0	0.0	

**To Members of the Audit, Risk and Scrutiny Committee of Dumfries & Galloway Council and the Council's S95 Officer**

This is internal audit's assurance statement on the adequacy and effectiveness of the Council's internal control system for the year ended 31 March 2018.

**Respective responsibilities of management and internal auditors in relation to internal control**

It is the responsibility of the Council's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. It is the responsibility of internal audit to assess the robustness of the internal control system and report the conclusion to the Audit, Risk and Scrutiny Committee annually.

**Sound internal controls**

The main objectives of the Council's internal control systems are:

- To ensure adherence to management policies and directives, in order to achieve the Council's objectives;
- To safeguard assets;
- To ensure the reliability, relevance and integrity of information, securing as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory requirements.

Maintenance and development of the system of internal financial control is undertaken by managers within the Council. The system is based on a framework of financial regulations and codes, a scheme of delegation and accountability, management supervision, administrative procedures (including separation of duties) and regular management information. In particular, the system includes:-

- Comprehensive budgeting systems;
- Preparation of regular financial reports which indicate actual expenditure against the forecasts;
- Regular reviews of periodic and annual financial reports indicating financial performance against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital expenditure guidelines; and
- Formal project management disciplines.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or there is no risk of material errors, losses, fraud, or breaches of laws or regulations. The Council must therefore continually seek to improve the effectiveness of its systems of internal control.

**The work of internal audit**

Internal Audit 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.

The Local Authority (Accounts) Regulations 2014 require the Council to: 'operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.'

The Council's Internal Audit section operates in accordance with the Audit Charter approved by the Audit and Risk Management Committee in December 2013, which is based on the principles and standards outlined in the public sector internal audit standards (PSIAS). Internal Audit operated generally in compliance with these standards and there were no significant departures from them during 2017-18.

The Internal Audit section undertakes an annual programme of work based on a risk assessment process, which is revised on an ongoing basis to reflect evolving risks and changes within the Council. The Audit, Risk and Scrutiny Committee approved the internal audit plan for 2017-18 in June 2017.

Any significant matters arising from internal audit work, including non-compliance with important audit recommendations, are reported to the Head of Finance and Procurement as the Council officer designated under S95 of the Local Government (Scotland) Act 1973. Internal audit reports identifying any system weaknesses, non-compliance with established controls and improvement opportunities are issued to applicable Directors and operational management. They are also made available to elected Members.

It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. Internal Audit is required to identify whether action has been taken on its recommendations and that management has understood and assumed the risk of not taking action. Progress on implementing the agreed actions points in internal audit reports is reported to the Audit, Risk and Scrutiny Committee who can 'call in' any service where progress is a concern. The Council's external auditors also arrange to follow up the actions they have agreed with management.

### **Fraud Reporting**

Internal Audit's role includes supporting management in countering fraud through advice and reporting on control weaknesses found during the course of audit work. Internal Audit also co-ordinates the formal reporting of fraud involving sums above £5,000 to the Council's external auditors for onward reporting to Audit Scotland. Council managers are required to notify Internal Audit of all such cases; no frauds were reported in 2017-18.

### **Basis of Conclusion**

Internal audit's evaluation of the control environment that operated during 2017-18 is informed by a number of sources:

- The work undertaken by internal audit during the year to 31 March 2018 and previous years;
- The assessment of risk completed during the preparation of the audit plan;
- Reports issued by the Council's current external auditors, Grant Thornton;
- Knowledge of the Council's governance, risk management and performance monitoring arrangements;
- Assurances provided to auditors by management during the course of audit work.

The level of staffing resources available to undertake internal audit work was less than planned during 2017-18 due to a temporary secondment. A small number of audits in the plan were not completed as intended, the most important of which was the main financial systems work on Council Tax. This audit will have been rolled forward into the 2018-19 plan and will be undertaken as a priority. After discussions with service management, the delay in the work is not considered to have an adverse impact on the assurance available for 2017-18.

There were no restrictions on internal audit's ability to access the systems, people and records required to complete its work. There were therefore no other impairments on internal audit during the year.

The internal audit programme for 2017-18 addressed the adequacy and effectiveness of key controls in four of the Council's main financial systems. Follow-up work was undertaken for six other main financial systems based on the reports issued in the previous year. Internal audit work also addressed certain other business processes in accordance with the audit plan. No specific computer audits were undertaken but the main financial systems work included reviews of security structures, access controls and computer backup/business continuity arrangements.

The Internal Audit section is also responsible for providing support on the development and maintenance of risk management in the Council. The scope of activity during the year included support on Service risk registers, advice on risks involved in projects and co-ordination of corporate risk register updates.

### **Limitation of Scope**

In accordance with professional practice, internal audit work is planned and executed on the basis that conclusions can be reached from a sample of transactions. This leaves a possibility that there may be undetected control issues in unexamined transactions.

The conclusion in respect of the main financial systems, which were not subject to audit in 2017-18, is dependant on full information having been disclosed to internal audit by management.

The controls assurance statement has been prepared in March 2018 and there remains a risk that a material control weakness could emerge during the preparation of the accounting statements for 2017-18.

The above risks are however considered small.

### **Conclusion**

It is the Internal Audit Manager's conclusion, based on the above, that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's internal control system in the year to 31 March 2018.

J K Geraghty  
29 March 2018

**Appendix 2 – Management Action Plan**

Audit Findings and Recommendations				Management Response		
No	Key Risk / Control weakness	Recommendation	Grade	Management Action	Manager Responsible	Target Date
1	<p><b>Finding Group: Governance</b> <b>Finding Type: Guidance</b></p> <p>There is a risk that guidance in relation to due diligence and post-integration review has not been executed fully, i.e. the Integrated Resources Advisory Group - Professional Guidance, Advice and Recommendations for Shadow Integration Arrangements and Guidance for Integration Financial Assurance.</p>	Members of the IJB must be assured that the due diligence and post-integration review requirements of guidance have been adequately addressed to include reporting locally to the necessary parties and also nationally where applicable.	A	<p>This has been updated in the annual accounts report to IJB Audit and Risk Committee in September 2017.</p> <p><b>Evidence required:</b> We would expect to see the paper presented to IJB A&amp;RC in September 2017 and meeting minutes confirm that the due diligence work has been completed.</p>	Katy Lewis	<p>30th September 2017</p> <p><b>CLOSED</b> <b>OCT 2017</b></p>
2	<p><b>Finding Group: Governance</b> <b>Finding Type: Regulatory</b></p> <p>There is a risk to the transparency of the IJB where the process for declaring interests is not consistently reflected between regulations and local governance documents.</p>	A review of regulations and applicable IJB governance documents (Standing Orders and Members Code of Conduct) should be undertaken to ensure that the process to be followed when an IJB member makes a declaration of interest at a meeting is consistent and in accordance with regulatory requirements. Specifically the action to be taken by the member upon making the declaration and who is responsible for making that decision.	B	<p>A review of all governance arrangements for the IJB is underway following the first year of operation of IJB.</p> <p><b>Evidence required:</b> Following the governance review we would expect to see a consistent process in place and communicated to all members.</p>	Laura Geddes/ Alison Warrick	31st December 2017
3	<p><b>Finding Group: Governance</b> <b>Finding Type: Procedural</b></p> <p>There is a risk to the transparency of the IJB where declarations of interest are not sufficiently detailed in the IJB minute for the public to</p>	The minuting of declarations of interest should be sufficiently detailed to capture the interest and the action taken in accordance with that interest in relation to the discussion of the agenda item, i.e. left or remained in the meeting and the reasoning for this decision.	B	<p>Process for minuting declarations of interest to be updated.</p> <p><b>Evidence required:</b> We would expect to see evidence of changes to minuting declarations of interest from IJB minutes. Evidence of at least two meetings where</p>	Alison Warrick	30th April 2018

Audit Findings and Recommendations				Management Response		
No	Key Risk / Control weakness	Recommendation	Grade	Management Action	Manager Responsible	Target Date
	consider the objectivity of the IJB member in decision-making.			declarations have been recorded appropriately should be provided.		
4	<p><b>Finding Group: Governance</b> <b>Finding Type: Procedural</b></p> <p>There is a risk to the quoracy of the IJB and its committees where substitute IJB voting members are not utilised.</p>	A process should be established for requesting the presence of a substitute voting member at the IJB or one of its committees in an attempt to protect the quoracy of meetings and the need for adjournment.	A	<p>As part of the forthcoming review of the Standing Orders, clarity around the quoracy and the use of substitutes will be included.</p> <p>Requests will also be made from the IJB to the Council and NHS to ask for new substitute nominations to be put forward to the IJB for approval, at which point the NHS and Council will be asked to encourage IJB members to liaise with the substitutes to arrange cover should they not be able to attend and notify this to Alison Warrick in advance of the meeting to ensure quoracy can be clarified prior to each meeting.</p> <p><b>Evidence required:</b> The Standing Orders must clearly detail the requirements for quoracy and the role of substitutes. We would also require evidence of how this is communicated to members.</p>	Laura Geddes/ Alison Warrick	31/12/2017
5	<p><b>Finding Group: Governance</b> <b>Finding Type: Capacity to Deliver</b></p> <p>There is a risk that assurances are not being delivered to the appropriate forum where committee business has not</p>	The IJB and NHS committees should be reviewed and their roles aligned to ensure that the appropriate information is being reported to the appropriate forum in accordance with the delegation of functions. It must also be ensured that while agendas may be amended, that assurance mechanisms are established	C	<p>A review of governance arrangements is planned, which will include a review of both the NHS and IJB Committees to streamline processes to ensure effective use of each committee going forward.</p> <p><b>Evidence required:</b></p>	Julie White	31st March 2018



Audit Findings and Recommendations				Management Response		
No	Key Risk / Control weakness	Recommendation	Grade	Management Action	Manager Responsible	Target Date
	been aligned between the IJB and the NHS. This also poses a risk of duplication.	to ensure the necessary feedback to partner agencies as set out by the Integration Scheme.		We would expect to see the Terms of Reference of committees within the revised structure clearly detail the role and remit of each committee and assurances to be delivered.		
6	<p><b>Finding Group: Governance</b> <b>Finding Type: Awareness and Training</b></p> <p>There is a risk to the governance oversight role of the IJB where there are changes to appointments presenting an enhanced need for familiarity with the Integration Scheme and other governance documents.</p>	The governance oversight role within the IJB and its committees should be enhanced ongoing to ensure that the Integration Scheme and other governance documents are being fully executed.	<b>B</b>	<p>The role of the Governance Officer and Standards Officer has been clarified and this role will develop with the consistency of support in this area.</p> <p>No proposed action at this point but will review arrangements in a further six months.</p> <p><b><u>Evidence required:</u></b> We require clarification of the Governance and Standards Officer roles and evidence of outcome of 6 month review.</p>	Katy Lewis	<p>30th April 2018</p> <p><b>CLOSED MAY 2018</b></p>
7	<p><b>Finding Group: Governance</b> <b>Finding Type: Guidance</b></p> <p>There is a risk to the system of internal control and to the success of the established governance framework where assurances are not available in support of decision-making, control and risk management at year-end.</p>	A process for the preparation of the IJB Governance Statement is required to gather assurances from key groups and stakeholders to demonstrate execution of the governance framework. This will require requesting assurances from committees and key senior officers of the IJB as well as from partner agencies as required in line with IRAG guidance, assurances should also give rise to a review of the effectiveness of the IJB as a Board and must make due reference to risk management arrangements. Assurances should be made available to those responsible for the endorsement of the Governance Statement to include	<b>C</b>	<p>A review of governance statement and assurances will be undertaken during 2017/18.</p> <p><b><u>Evidence required:</u></b> We would want to see the outcome of the review and to evidence that this reflects the assurance requirements of the IJB.</p>	Katy Lewis	31st March 2018

Audit Findings and Recommendations				Management Response		
No	Key Risk / Control weakness	Recommendation	Grade	Management Action	Manager Responsible	Target Date
		the Chief Internal Auditor.				
8	<p><b>Finding Group: Risk Management</b> <b>Finding Type: Procedural</b></p> <p>Failure to progress risk management will hinder the achievement of objectives as set out by the Risk Management Strategy, namely the main objective to "...embed good Risk Management practices across the Partnership, to ensure the level of risk is managed within the IJBs risk appetite."</p>	The IJB currently does not have a corporate risk register or defined risk appetite moving into year 2 of the IJB and should define timescales for implementation and for this to be closely monitored.	C	<p>Paper to be presented to IJB Audit and Risk Committee in September providing information on corporate risk register and ongoing plans to develop risk.</p> <p><b>Evidence required:</b> As detailed in the paper, we would expect to see evidence of a final approved corporate risk register through IJB via the December IJB Audit and Risk Committee.</p>	Maureen Stevenson/ Richard Fox	31st December 2017
9	<p><b>Finding Group: Risk Management</b> <b>Finding Type: Monitoring</b></p> <p>There is a risk that risk management monitoring arrangements are not actioned as described by the Risk Management Strategy. This arises following a discrepancy in what has been set out and that discussed at H&amp;SCSMT for exception reporting.</p>	It must be ensured that the risk management monitoring arrangements stipulated by the Risk Management Strategy are implemented as described or the necessary amendments made to reflect how assurances are intended to be delivered in practice.	B	<p>Paper to be presented to IJB Audit and Risk Committee in September providing information on corporate risk register and ongoing plans to develop risk.</p> <p><b>Evidence required:</b> We need confirmation and evidence that the Risk Management processes detailed within the Risk Strategy are being followed. This is not currently in place</p>	Maureen Stevenson/ Richard Fox	31st December 2017