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<b>Report To:</b>	<b>Inverclyde Integrated Joint Board Audit Committee</b>	<b>Date:</b>	<b>26 June 2023</b>
<b>Report By:</b>	<b>Chief Officer Inverclyde Integration Joint Board</b>	<b>Report No:</b>	<b>IJBA/09/2023/AP</b>
<b>Contact Officer:</b>	<b>Andi Priestman</b>	<b>Contact No:</b>	<b>01475 712251</b>
<b>Subject:</b>	<b>INTERNAL AUDIT - ANNUAL STRATEGY AND PLAN 2023-2024</b>		

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## **1.0 PURPOSE AND SUMMARY**

- 1.1 ☒ For Decision ☐ For Information/Noting
- 1.2 The purpose of this report is to present the Internal Audit Annual Strategy and Plan for 2023-2024 for approval.

## **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that Inverclyde IJB Audit Committee approve the Internal Audit Annual Strategy and Plan for 2023-2024.

**Kate Rocks**  
**Chief Officer**  
**Inverclyde Health and Social Care Partnership**

### 3.0 BACKGROUND AND CONTEXT

- 3.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising governance, risk management and control by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 3.2 As stated in the IRAG (Integrated Resources Advisory Group) Guidance, it is the responsibility of the Inverclyde IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources.
- 3.3 The Public Sector Internal Audit Standards include the requirement for the Chief Internal Auditor to prepare a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 3.4 The Chief Internal Auditor will prepare an annual internal audit plan which will be subject to consideration and approval by the Inverclyde IJB Audit Committee.
- 3.5 The Public Sector Internal Audit Standards require that the annual audit plan should be kept under review to reflect any changing priorities and emerging risks. Any material changes to the audit plan will be presented to the Inverclyde IJB Audit Committee for approval.

### 4.0 PROPOSALS

- 4.1 The proposed Internal Audit Annual Strategy and Plan for 2023-2024 is set out at Appendix 1.
- 4.2 The total budget for the Internal Audit Annual Plan for 2023-2024 has been set at 20 days. The Plan does not contain any contingency provision. Where there are any unforeseen work demands that arise eg special investigations or provision of ad hoc advice, this will require to be commissioned as an additional piece of work which will be subject to a separate agreement.

### 5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO	N/A
Financial		X	
Legal/Risk	X		
Human Resources		X	
Strategic Plan Priorities	X		
Equalities		X	
Clinical or Care Governance		X	
National Wellbeing Outcomes		X	
Children & Young People's Rights & Wellbeing		X	
Environmental & Sustainability		X	
Data Protection		X	

#### 5.2 Legal/Risk

The Internal Audit Strategy and Plan has been constructed taking cognisance of risks which have implications for the Inverclyde IJB through discussions with management and review of the Inverclyde IJB risk register.

### 5.3 Strategic Plan Priorities

The establishment of a robust audit plan will assist in assessing whether the Integration Joint Board and Officers have established proper governance and control arrangements which contribute to the achievement of the strategic priorities of the Inverclyde IJB's Strategic Plan.

### 6.0 DIRECTIONS

6.1	<b>Direction Required to Council, Health Board or Both</b>	Direction to:	
		1. No Direction Required	X
		2. Inverclyde Council	
		3. NHS Greater Glasgow & Clyde (GG&C)	
		4. Inverclyde Council and NHS GG&C	

### 7.0 CONSULTATION

- 7.1 The Inverclyde IJB's Chief Officer and Chief Financial Officer have been consulted in relation to the proposed annual audit plan coverage for 2023-2024.
- 7.2 There will be regular ongoing discussion with External Audit to ensure respective audit plans are reviewed as circumstances change in order to minimise duplication of effort and maximise audit coverage for the Inverclyde IJB.

### 8.0 BACKGROUND PAPERS

- 8.1 None.

## INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2023-2024

### 1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) set out the requirement for the Chief Internal Auditor to prepare a risk-based audit plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 1.2 The Chief Internal Auditor must review and adjust the plan as necessary in response to changes in the organisation's business, risks, operations and priorities.
- 1.3 The audit plan must incorporate or be linked to a strategic or high-level statement of how the Internal Audit Service will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisational objectives and priorities.
- 1.4 The strategy shall be reviewed on an annual basis as part of the audit planning process.

### 2. Internal Audit Objectives

- 2.1 The definition of internal auditing is contained within the PSIAS as follows:

“Internal auditing 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.”
- 2.2 The primary aim of the internal audit service is to provide assurance services which requires the Chief Internal Auditor to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 2.3 The internal audit service also provides advisory services, generally at the request of the organisation, with the aim of improving governance, risk management and control and contributing to the overall opinion.
- 2.4 The internal audit service supports the Inverclyde IJB's Chief Financial Officer in her role as Section 95 Officer.

### 3. Risk Assessment and Audit Planning

- 3.1 The internal audit approach to annual audit planning is risk-based and aligns with the IJB's Corporate Risk Register.
- 3.2 There will be regular ongoing discussion with External Audit to ensure respective audit plans are reviewed as circumstances change in order to minimise duplication of effort and maximise audit coverage for the Inverclyde IJB.

## INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2023-2024

### 4 Service Delivery

- 4.1 The provision of the internal audit service is through a directly employed in-house team.
- 4.2 In relation to the total staff days allocated to the 2023-2024 plan, each member of staff completes a resource allocation spreadsheet for the year which is split between annual leave, public holidays, training days, general administration and operational plan days. This spreadsheet is reviewed and updated each period by each member of staff against time charged to timesheets.

The operational plan is 20 days which will be resourced as follows:

#### Team Member

Audit Practitioner – 15

Chief Internal Auditor - 5

The Chief Internal Auditor does not directly carry out the assignments included in the annual audit plan but provides the quality review and delivery oversight of the overall plan as well as undertaking audit planning and relevant reporting to the Audit Committee. As such, an allocation of 5 days is included within the plan. Where there are any resource issues which may impact on delivery of the plan, this will be reported to Audit Committee at the earliest opportunity.

- 4.3 Given the range and complexity of areas to be reviewed it is important that suitable, qualified, experienced and trained individuals are appointed to internal audit positions. The PSIAS requires that the Chief Internal Auditor must hold a professional qualification such as CMIIA (Chartered Internal Auditor), CCAB or equivalent and be suitably experienced. The internal auditor posts must also be CMIIA/CCAB or equivalent with previous audit experience.
- 4.4 Internal audit staff members identify training needs as part of an appraisal process and are encouraged to undertake appropriate training, including in-house courses and external seminars as relevant to support their development. All training undertaken is recorded in personal training records for CPD purposes.
- 4.5 Internal audit staff members require to conform to the Code of Ethics of the professional body of which they are members and to the Code of Ethics included within the PSIAS. An annual declaration is undertaken by staff in relation to specific aspects of the Code.
- 4.6 Following each review, audit reports are issued in draft format to agree the accuracy of findings and agree risk mitigations. Copies of final audit reports are issued to the IJB Chief Officer, HSCP Head of Service and HSCP Service Manager responsible for implementing the agreed action plan. A copy of each final audit report is also provided to External Audit.
- 4.7 The overall opinion of each audit report feeds into the Internal Audit Annual Report and Assurance Statement which is presented to the Audit Committee and is used by the Chief Financial Officer in the preparation of the Annual Governance Statement.

## INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2023-2024

### 5 Proposed Audit Coverage 2023-2024

5.1 The proposed audit coverage is set out in the table below.

Risk Register Reference	Previous Assurance Work	Planned Assurance Work 2023-24	Other Assurance Work 2023-24
IJB Risk 1 – Effective Governance I 3 L 3 Risk Score 9	16/17 – Review of Governance Arrangements 21/22 – Performance Management and Reporting Arrangements	Internal Audit follow up exercises 2023/2024	External Audit Annual Audit Plan 2022/23
IJB Risk 2 – Maintaining Effective Communication and Relationships with Acute Partners During Transformational Change I 3 L 3 Risk Score 9	Inverclyde Council Internal Audit Annual Audit Plans: 18/19 – HSCP Contract and Commissioning arrangements 18/19 - Change Management Arrangements	None	Inverclyde Council Internal Audit Annual Audit Plan 2023/24 – SWIFT Replacement System
IJB Risk 3 – Financial Sustainability/ Constraints/ Resource Allocation I 5 L 3 Risk Score 15	17/18 - Strategic Planning and Performance Management Arrangements 18/19 – Financial Planning 19/20 Budgetary Control 22/23 Review of pandemic recovery and response planning arrangements	Internal Audit follow up exercises 2023/2024	External Audit Annual Audit Plan 2022/23
IJB Risk 4 – Financial Implications of Responding to Covid-19 I 4 L 3 Risk Score 12	22/23 Review of pandemic recovery and response planning arrangements	Internal Audit follow up exercises 2023/2024	
IJB Risk 5 – Workforce Sustainability and Implementation of People Plan I 4 L 3 Risk Score 12	17/18 – Workforce Planning Arrangements 22/23 – Workforce Plan Implementation	Internal Audit follow up exercises 2023/2024	
IJB Risk 6 – Home Care I 3 L 5 Risk Score 15	Inverclyde Council Internal Audit Annual Audit Plan 2022/23 – SWIFT Replacement System	None	Inverclyde Council Internal Audit Annual Audit Plan 2023/24 – SWIFT Replacement System
IJB Risk 7 – Workforce I 3 L 4 Risk Score 12	22/23 – Workforce Plan Implementation	Internal Audit follow up exercises 2023/2024	

## INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2023-2024

Risk Register Reference	Previous Assurance Work	Planned Assurance Work 2023-24	Other Assurance Work 2023-24
IJB Risk 8 – Performance Management Information I 3 L 3 Risk Score 9	17/18 – Strategic Planning and Performance Management Arrangements 18/19 – IJB Directions 20/21 – Advisory review on new IJB Directions Policy 21/22 – Implementation of IJB Directions 21/22 – Performance Management and Reporting Arrangements	Internal Audit follow up exercises 2023/2024	
IJB Risk 9 – Locality Planning to Better Understand the Needs of the Community I 3 L 2 Risk Score 6	17/18 - Strategic Planning and Performance Management Arrangements	Internal and External Audit follow up exercise 2023/2024	External Audit Annual Audit Plan 2023/24
IJB Risk 10 – Civil Contingencies Act and Plans I 3 L 3 Risk Score 9	22/23 Review of pandemic recovery and response planning arrangements	Internal Audit follow up exercises 2023/2024	
IJB Risk 10 – Equalities Legislation I 3 L 4 Risk Score 12	New Risk 2023	None – management have prepared a detailed improvement plan which will be implemented by 31 March 2024.	
<b>Other Work</b>			
Best Value Assurance Review	We will undertake a review HSCP Board Best Value arrangements and highlight any areas of improvement to management.		8
CIPFA Audit Committee Guidance October 2022	We will undertake a review of current Audit & Performance Committee arrangements and highlight any areas of improvement to management.		5
Action Plan Follow Up	To monitor the progress of implementation of agreed internal audit action plans by management.		2
Audit Planning and Management	Review and update of the audit universe and attendance at IJB Audit Committee.		3
Internal Audit Annual Report 2021-2022	Annual report on 2022-2023 audit activity will be provided to CFO to inform the Annual Governance Statement for the IJB.		2
<b>Total Staff Days</b>			<b>20</b>

## INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2023-2024

### 6 Quality and Performance

- 6.1 The PSIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment.
- 6.2 In addition, the performance of Internal Audit continues to be measured against key service targets focussing on quality, efficiency and effectiveness. For 2023-2024 these have been set as follows:

Measure	Description	Target
1. Final Report	Percentage of final reports issued within 2 weeks of draft report.	100%
2. Draft Report	Percentage of draft reports issued within 3 weeks of completion of fieldwork.	100%
3. Audit Plan Delivery	Percentage of audits completed v planned.	100%
4. Audit Budget	Percentage of audits completed within budgeted days.	100%
5. Audit Recommendations	Percentage of audit recommendations agreed.	90%
6. Action Plan Follow Up	Percentage of action plans followed up – Internal and External Audit.	100%
7. Customer Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above.	100%
8. Staff compliance with CPD	Number of training hours undertaken to support CPD	20
9. Management engagement	Number of meetings with Chief Officer and Chief Financial Officer as appropriate	2 per year

- 6.3 Actual performance against targets will be included in the Internal Audit Annual Assurance Report for 2023-2024.

## INTERNAL AUDIT ANNUAL STRATEGY AND PLAN 2023-2024

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