

A meeting of the Inverclyde Integration Joint Board Audit Committee will be held on Monday 26 June 2023 at 1pm within the Municipal Buildings, Greenock.

Members may attend the meeting in person or via remote online access. Webex joining details have been sent to Members and Officers. Members are requested to notify Committee Services by 12 noon on Friday 23 June 2023 how they intend to access the meeting.

In the event of connectivity issues, Members are asked to use the *join by phone* number in the Webex invitation and as noted above.

Please note that this meeting will be live-streamed via YouTube with the exception of any business which is treated as exempt in terms of the Local Government (Scotland) Act 1973 as amended.

Further information relating to the recording and live-streaming of meetings can be found at the end of this notice.

IAIN STRACHAN
Head of Legal, Democratic, Digital and Customer Services

BUSINESS		Page
1.	Apologies, Substitutions and Declarations of Interest	
ITEMS FOR ACTION:		
2.	Minute of Meeting of IJJB Audit Committee of 20 March 2023 (NOTE – approved by IJBAC members prior to inclusion in the agenda for the IJB meeting of 15 May 2023 for business continuity)	P
3.	IJB Audit Committee Rolling Annual Workplan	P
4.	Internal Audit Progress Report 27 February to 2 June 2023 Report by Chief Officer, Inverclyde Health & Social Care Partnership	P
5.	Status of External Audit Action Plans - 31 May 2023 Report by Chief Officer, Inverclyde Health & Social Care Partnership	P
6.	External Audit - Annual Audit Plan 2022/23 Report by Chief Officer, Inverclyde Health & Social Care Partnership	P

7.	Internal Audit – Annual Strategy and Plan 2023-24 Report by Chief Officer, Inverclyde Health & Social Care Partnership	P
8.	Internal Audit Annual Report and Assurance Statement 2022-23 Report by Chief Officer, Inverclyde Health & Social Care Partnership	P

The reports for this meeting are on the Council's website.

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Enquiries to – **Diane Sweeney**– Tel 01475 712147

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 20 MARCH 2023

Inverclyde Integration Joint Board Audit Committee

Monday 20 March 2023 at 1.00pm

Present:

Voting Members:

Councillor Elizabeth Robertson (Chair)	Inverclyde Council
Councillor Lynne Quinn	Inverclyde Council
David Gould (Vice Chair)	Greater Glasgow & Clyde NHS Board
Simon Carr	Greater Glasgow & Clyde NHS Board

Non-Voting Members:

Charlene Elliott	Third Sector Representative, CVS Inverclyde
Diana McCrone	Staff Representative, Greater Glasgow & Clyde NHS Board

Also present:

Kate Rocks	Chief Officer, Inverclyde Health & Social Care Partnership
Allen Stevenson	Head of Health & Community Care and Chief Social Work Officer, Inverclyde Health & Social Care Partnership
Craig Given	Chief Finance Officer, Inverclyde Health & Social Care Partnership
Andi Priestman	Chief Internal Auditor, Inverclyde Council
Vicky Pollock	Legal Services Manager, Inverclyde Council
Jonathan Hinds	Head of Children & Families and Criminal Justice Services, Inverclyde Health & Social Care Partnership
Gail Kilbane	Alcohol & Drug and Homelessness Service Manager
Marie Keirs	Senior Finance Manager, Inverclyde Council
Andrina Hunter	Service Manager, Corporate Policy, Planning and Performance, Inverclyde council
Peter MacDonald	Solicitor, Inverclyde Council
Diane Sweeney	Senior Committee Officer, Inverclyde Council
Lindsay Carrick	Senior Committee Officer, Inverclyde Council

Chair: Councillor Robertson presided.

The meeting took place via video-conference.

1 Apologies, Substitutions and Declarations of Interest 1

No apologies for absence or declarations of interest were intimated.

2 Minute of Meeting of IJB Audit Committee of 28 November 2022 2

There was submitted the Minute of the Inverclyde Integration Joint Board Audit Committee of 28 November 2022.

The Minute was presented by the Chair and examined for fact, omission, accuracy and clarity.

Decided: that the Minute be agreed.

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 20 MARCH 2023

- | | | |
|----------|---|----------|
| 3 | IIJB Audit Committee Rolling Annual Workplan | 3 |
| | <p>There was submitted a list of rolling actions arising from previous meetings of the IIJB Audit Committee.</p> <p>Referring to the entry '20 March 2023: External Audit Annual Audit Plan 2022/23' Mr Given advised the Committee that this report would be presented to the June meeting and that he would be meeting with the new External Auditors, KPMG, to discuss.</p> <p>The Chair commented that the format of the Rolling Annual Workplan was not as immediately obvious to understand as that used at the Inverclyde Integration Joint Board meetings and requested that officers consider the layout.</p> <p>Decided: that the Rolling Annual Workplan be noted.</p> | |
| 4 | Internal Audit Progress Report 29 August 2022 to 24 February 2023 | 4 |
| | <p>There was submitted a report by the Chief Officer, Inverclyde Health & Social Care Partnership on the progress made by Internal Audit during the period 29 August 2022 to 24 February 2023.</p> <p>The report was presented by Ms Priestman, and being the regular progress report advised of updates since the last meeting.</p> <p>Referring to paragraphs 3.7 and 3.8 of the report, 'Managing timescales within the workforce plan action plan (Amber)', the Committee asked for more detail on the 3 issues identified in the audit. Ms Priestman advised that as two of the issues were categorised 'green', they weren't detailed within the report, but she could provide additional information to members if required. Ms Priestman provided a comprehensive explanation of how the audit process is managed when actions span several years.</p> <p>Decided: that the progress made by Internal Audit for the period 29 August 2022 to 24 February 2023 be noted.</p> | |
| 5 | Status of External Audit Action Plans - 31 January 2023 | 5 |
| | <p>There was submitted a report by the Chief Officer, Inverclyde Health & Social Care Partnership on the status of current actions from External Audit Action Plans at 31 January 2023.</p> <p>The report was presented by Ms Priestman, and being the regular progress report advised of updates since the last meeting.</p> <p>Referring to section 3 of appendix 1 of this report and the reference to 'Medium to Long Term Financial Plan Recommendation', and to section 4 of appendix 1 of the previous report and the reference to 'Updating the Inverclyde Integration Joint Board's Reserves Strategy', the Committee asked for an explanation for the link between the Reserves Strategy and the Integration Scheme. Mr Given advised that there had been a historic link which he was reviewing, and that a report on this matter would be brought to the June meeting.</p> <p>Decided: that the progress to date in relation to the implementation of external audit plans be noted.</p> | |
| 6 | External Audit Annual Audit Plan 2022/23 | 6 |
| | <p>It was noted that this item had been withdrawn from the agenda and that a report would be presented to the June meeting.</p> | |

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 20 MARCH 2023

7 IJB Best Value Statement 2022/23

7

There was submitted a report by the Chief Officer, Inverclyde Health & Social Care Partnership appending for approval the draft Best Value Statement in relation to how the IJB has delivered Best Value during the previous financial year.

The report was presented by Mr Given and detailed (1) the statutory duty to secure Best Value and (2) the responses received from IJB members to a recently issued questionnaire.

Referring to paragraph 3.5 of the report, the Chair asked what actions officers intended to take in response to the comments received to the questionnaire. Mr Given advised that as the responses were anonymous he could not approach individual members, but that he was willing to discuss any matters with members should they contact him directly. Mr Given and Ms Rocks both acknowledged that work was continuing in relation to Best Value and the role of the Strategic Planning Group.

The Chair requested that officers continue to monitor this and keep the Committee advised of progress.

Decided: that (a) the Best Value Statement 2022/23 be approved, and (b) officers monitor and advise the Committee of progress.

8 Inverclyde Integration Joint Board – Directions Update February 2023

8

There was submitted a report by the Chief Officer, Inverclyde Health & Social Care Partnership providing a summary of the Directions issued by the IJB to Inverclyde Council and NHS Greater Glasgow & Clyde in the period September 2022 to February 2023.

The report was presented by Ms Pollock and advised that a revised IJB Directions Policy and procedure was approved by the IJB in September 2020 and as part of the agreed procedure the IJB Audit Committee had assumed responsibility for maintaining an overview of progress with the implementation of Directions, requesting a mid-year progress report and escalating key delivery issues to the IJB. This report is the fifth such report and covers the period September 2022 to February 2023.

Decided: that the contents of the report be noted.

9 External Audit – Audit Fee 2022/23

9

There was submitted a report by the Chief Officer, Inverclyde Health & Social Care Partnership advising that (1) the External Audit fee for 2022/23 is £31,470 and (2) KPMG are the new External Auditors.

The Committee asked how KPMG became the External Auditors and Mr Given explained that a new External Auditor is appointed to the IJB every five years. Mr Given further advised that he had already had some discussions with KPMG.

Decided: that the Audit fee be approved.

10 IJB Risk Register

10

There was submitted a report by the Chief Officer, Inverclyde Health & Social Care Partnership (1) providing an update on the status of the IJB Strategic Risk Register, and (2) appending the most recent Risk Register reviewed by officers in September 2022.

The report was presented by Mr Given and noted that the Register is reviewed twice a year and that since the last report there had been changes to Risk 7 (Contingency Planning) and Risk 11 (Equalities Legislation).

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 20 MARCH 2023

The Committee asked officers to consider (1) the layout of the Register, by ranking the risks highest to lowest, and (2) the content of the Register, by clearly defining strategic and operational risks.

Referring to risks 3 (Financial sustainability/constraints/resource allocation) and 5 (Workforce sustainability and implementation of the workforce plan) the Committee questioned the 'Likelihood Rating' of 3 for both. Ms Rocks explained how the score had been allocated and advised that 3 was considered appropriate.

The Committee discussed the differences between the IIJB and HSCP Risk Registers and strategic and operational risk, and officers acknowledged that work was ongoing on ensuring that the correct risk was reported in the correct place. Mr Given further confirmed that there would be more work done on Risk Appetite.

Decided: that the contents of the report be noted.

IIJB Audit Committee Rolling Annual Workplan – 26 June 2023

(Meeting in March, June and September each year)

Date	Reports	Lead Officer
26 June 2023	<p>Internal Audit Progress Report to 2 June 2023</p> <p>Internal Audit Annual Report and Assurance Statement 2022-23</p> <p>Status of External Audit Action Plans to 30 April 2023</p> <p>Internal Audit Annual Audit Plan 2023/24 (not available earlier – previously considered at March meetings)</p> <p>Assess risk factors pertaining to General Reserves – to go to full IJB as part of overall Reserves report</p> <p>Update report on Workforce Plan – to go to full IJB for approval</p> <p>External Audit Annual Audit Plan</p>	<p>Chief Internal Auditor</p> <p>Chief Internal Auditor</p> <p>Chief Internal Auditor</p> <p>Chief Internal Auditor</p> <p>Chief Finance Officer (Min ref – IIJBAC – 27.06.2022 – 20(4))</p> <p>Chief Officer (Min ref – IIJBAC 26.09.2022 – 22(2))</p> <p>Chief Finance Officer (Min ref – IIJBAC 20.03.2023 – para TBC)</p>
	IIJB Reserves Strategy – to go to full IJB for approval	Chief Finance Officer (Min ref – IIJBAC 20.03.2023 – para TBC)
25 September 2023	<p>Internal Audit Progress Report to 31 August 2023</p> <p>Status of External Audit Action Plans to 31 August 2023</p> <p>Directions Update</p> <p>Review of Risk Register</p> <p>Locality Planning Groups update report</p>	<p>Chief Internal Auditor</p> <p>Chief Internal Auditor</p> <p>Legal Services Manager (Min ref – IIJB 21/09/2020 86(3))</p> <p>Chief Officer (Min ref – IIJBAC 21/06/2021 22(4))</p> <p>Chief Finance Officer (Min Ref - 24/01/2022 – 8(2)) (Min Ref – 26/09/2022 (23))</p>
25 March 2024	Internal Audit Progress Report to #	COPY ALL AS AT MARCH 2023

Report To:	Inverclyde Integrated Joint Board Audit Committee	Date:	26 June 2023
Report By:	Chief Officer Inverclyde Integration Joint Board	Report No:	IJBA/06/2023/AP
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	INTERNAL AUDIT PROGRESS REPORT 27 FEBRUARY TO 2 JUNE 2023		

1.0 PURPOSE AND SUMMARY

- 1.1 ☐ For Decision ☒ For Information/Noting
- 1.2 The purpose of this report is to enable the Inverclyde IJB Audit Committee members to monitor the performance of Internal Audit and gain an overview of the IJB's overall control environment.
- 1.3 The report also presents an update on the Internal Audit work undertaken at Inverclyde Council and NHS Greater Glasgow and Clyde (NHSGGC) between 27 February and 2 June 2023 that may have an impact upon the Inverclyde IJB's control environment.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that Inverclyde IJB Audit Committee members agree to note the progress made by Internal Audit for the period 27 February and 2 June 2023.

Kate Rocks
Chief Officer
Inverclyde Health and Social Care Partnership

3.0 BACKGROUND AND CONTEXT

3.1 The audit plan for 2022/23 was approved at the IJB Audit Committee meeting in March 2022.

3.2 Internal Audit reports findings and action plans to relevant Inverclyde IJB Officers and the Audit Committee as part of the annual audit plan. A follow up process is in place to allow follow up of current internal audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to the Audit Committee.

In each audit, one of 4 overall opinions is expressed:

Strong	In our opinion there is a sound system of internal controls designed to ensure that the organisation is able to achieve its objectives.
Satisfactory	In our opinion isolated areas of control weakness were identified which, whilst not systemic, put some organisation objectives at risk.
Requires improvement	In our opinion systemic and/or material control weaknesses were identified such that some organisation objectives are put at significant risk.
Unsatisfactory	In our opinion the control environment was considered inadequate to ensure that the organisation is able to achieve its objectives.

Individual audit findings are categorised as Red, Amber or Green:

Red	In our opinion the control environment is insufficient to address the risk and could impact the organisation as a whole. Corrective action must be taken and should start immediately.
Amber	In our opinion there are areas of control weakness which we consider to be individually significant but are unlikely to affect the organisation as a whole.
Green	In our opinion our audit highlighted areas for minor control improvement and/or areas of minor control weakness.

3.3 Since the last Internal Audit progress report to the March meeting of the Inverclyde IJB Audit Committee, one Internal Audit report has been finalised in relation to Inverclyde IJB Pandemic Response and Recovery Planning Arrangements.

3.4 Since March 2020 health and social care services have responded to the evolving challenges of the Covid-19 pandemic. Such a major peacetime event starkly illustrates the importance of being adequately prepared to manage emergencies. It was against this background that from March 2021 the Scottish Government designated Integration Joint Boards (IJBs) as Category 1 responders under the Civil Contingencies Act 2004. This legislation places a number of duties on IJBs such as assessing the risk of emergencies occurring and establishing business continuity arrangements. Those duties also apply to health boards and local authorities. The Inverclyde IJB's organisational relationship with the Health and Social Care Partnership requires an effective approach to manage emergencies which could disrupt delivery of vital health and social care services.

3.5 The objective of this audit was to provide the Inverclyde IJB Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks faced by Inverclyde IJB in relation to responding to emergencies such as the Covid-19 pandemic.

3.0 BACKGROUND AND CONTEXT (CONTINUED)

- 3.6 The review focused on the high-level processes and procedures in relation to the response planning and concentrated on identified areas of perceived higher risk, such as the IJB not demonstrating compliance with its duties as a Category 1 responder and not having adequate arrangements in place to communicate with other Category 1 responders during an emergency.
- 3.7 The overall control environment opinion for this audit review was **Satisfactory**. There was one AMBER issue identified as follows:

Demonstrating compliance with the Civil Contingencies Act 2004

Health boards and local authorities are central to the Covid-19 pandemic response. Locally, those organisations operate via the Inverclyde Health & Social Care Partnership (HSCP) to deliver the IJB's Strategic Plan. From March 2021, IJBs were designated Category 1 responders under the Civil Contingencies Act 2004. Duties under the 2004 Act include establishing business continuity arrangements and co-ordinating with other responders such as local authorities and health boards. The Inverclyde IJB's strategic role and the HSCP's service delivery role are central to demonstrating compliance with this legislation.

On behalf of the Inverclyde IJB and HSCP, senior officers engage with established Council, NHS and regional civil contingency groups. However, the IJB has not been formally notified of the steps taken by officers to comply with the Civil Contingencies Act 2004. In addition, a formal mechanism has not yet been developed to provide the IJB with annual assurance regarding the HSCP's continuing compliance with the 2004 Act.

In the absence of adequate reporting and assurance arrangements, Inverclyde IJB members may not be aware of the steps taken by the HSCP to comply with the Civil Contingencies Act 2004.

- 3.8 The audit identified 2 issues, one of which we consider to be individually significant and an action plan is in place to address both issues by 30 June 2023.
- 3.9 The Internal Audit Plan for 2022-23 is now complete.
- 3.10 In relation to Internal Audit follow up, there was one action due for completion by 31 May 2023 which has missed the deadline set by management. There are 9 actions being progressed by officers. The current status report is attached at Appendix 1.
- 3.11 In addition, since the last Internal Audit Progress report to the Audit Committee meeting in March 2023, Internal Audit Reports reported to Inverclyde Council and NHSGGC which are relevant to the Inverclyde IJB are set out at paragraphs 3.12 and 3.13 of the report.
- 3.12 **Inverclyde Council – Internal Audit Progress Report Summary**

Since the last Internal Audit Progress Report considered at the March 2023 meeting of the Audit and Performance Committee, there were no Internal Audit Reports reported to Inverclyde Council which are relevant to the Inverclyde IJB.

3.0 BACKGROUND AND CONTEXT (CONTINUED)

3.13 NHSGGC - Internal Audit Progress Report Summary

Since the last IA Progress Report considered at the September meeting of the Audit and Performance Committee, there were 4 Internal Audit Reports reported to NHSGGC which are relevant to the Inverclyde IJB and are set out in the undernoted table. There were no Grade 4 recommendations raised (very high exposure) and no control objectives assessed as red.

Audit Title	Rating	Number and Priority of Issues			
		4	3	2	1
Financial Systems Healthcheck (Payroll) (1)	Minor Improvement Required	-	1	4	-
Sustainability and Value Programme	Minor Improvement Required	-	-	2	-
Capital/Estates Planning – Neurological Science Project	Minor Improvement Required	-	-	2	1
Waiting List Management	Minor Improvement Required	-	-	2	-
Management Action Follow Up Q1 and Q3	N/A				
Total		-	1	10	1

(1) The audit identified one key area for improvement relating to maintaining pace with current efforts to ensure line managers' adherence to eESS procedures for starters, leavers and payroll amendments. The audit also made a number of less significant recommendations concerning the strengthening of procedures and the elimination of paper forms, to make full use of the eESS system.

3.14 Internal Audit within Inverclyde Council and NHSGGC undertake follow up of actions in accordance with agreed processes and report on progress to the respective Audit Committees.

4.0 PROPOSALS

4.1 The Inverclyde IJB Audit Committee is asked to note the progress made by Internal Audit for the period 27 February and 2 June 2023.

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

Where delays arise in delivering the Internal Audit Plan, there is a risk that this may result in an inability to provide a reasonable level of assurance over the Inverclyde IJB's system of internal control to those charged with governance. The main basis for providing assurance is coverage of the planned risk-based audits. Every endeavour is therefore made to ensure that no material slippage occurs in risk-based audits by concentrating resources on these audits.

6.0 DIRECTIONS

6.1	Direction Required to Council, Health Board or Both	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 N/A

8.0 BACKGROUND PAPERS

8.1 Internal Audit Reports. Copies available from Chief Internal Auditor.

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
AT 31 MAY 2023**

**Summary: Section 1 Summary of Management Actions due for completion by
31/05/2023**

There was one action due for completion by 31 May 2023 which has missed the deadline set by management.

**Section 2 Summary of Current Management Actions Plans at
31/05/2023**

At 31 May 2023 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/05/2023

At 31 May 2023 there were 9 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 May 2023 there were 5 audit action points where the agreed deadline had been missed.

Section 5 Summary of Audit Action Points By Audit Year

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 31.05.2023

SECTION 1

No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*	No action proposed
1			1	

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF CURRENT MANAGEMENT ACTIONS AS AT 31.05.2023

SECTION 2

Current Actions	
Due for completion June 2023	5
Due for completion September 2023	2
Due for completion December 2023	1
Completion date to be advised	1
Total current actions:	9

CURRENT MANAGEMENT ACTIONS AS AT 31.05.2023

[illegible]

3

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 31.05.2023

SECTION 3

Recommendation/Agreed Action	Owner	Expected Date
IJB Workforce Planning Arrangements (February 2023)		
Recommendation: Managing Timescales within the Workforce Plan action plan (Amber) The IJB Chief Financial Officer will, in conjunction with all relevant senior officers, review the timescales within the workforce plan action plan with the aim of: <ul style="list-style-type: none"> • more clearly identifying priority actions for the next year. • seeking to set intermediate actions and corresponding timescales for those actions which are forecast to take more than a year to fully implement. Agreed Action: Recommendation accepted.	IJB Chief Financial Officer	30.06.2023
Recommendation: Managing Timescales within the Workforce Plan action plan (Amber) The IJB Chief Financial Officer will also explore the use of the Pentana system to record milestones for actions and priorities for each action. Agreed Action: Recommendation accepted.	IJB Chief Financial Officer	31.12.2023
Recommendation: Managing the development of detailed workforce plan action plans (Green) The IJB Chief Financial Officer will oversee appropriate arrangements to regularly and adequately monitor the development and implementation of each detailed action plan which originates from the high-level workforce plan. Agreed Action: Recommendation accepted.	IJB Chief Financial Officer	30.06.2023
Recommendation: Clearer responsibility and accountability for implementing action plans (Green) The IJB Chief Financial Officer will review the responsible officer column within the high-level workforce plan and review the current operational procedure for managing workforce planning activities and ensure that the revised procedure aligns to the procedure used to monitor the Strategic Plan. Agreed Action: Recommendation accepted.	IJB Chief Financial Officer	30.06.2023

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 31.05.2023

SECTION 3

Recommendation/Agreed Action	Owner	Expected Date
IJB Recovery and Response Planning Arrangements (April 2023)		
<p>Recommendation: Demonstrating compliance with the Civil Contingencies Act 2004 (Amber) The IJB's Chief Financial Officer should;</p> <ul style="list-style-type: none"> advise the IJB of the arrangements which have been established to comply with the Civil Contingencies Act 2004. This exercise should include outlining the roles and responsibilities of IJB and HSCP officers when implementing this legislation. In addition, the various organisational relationships required to manage civil contingencies along with the corresponding funding arrangements should also be outlined to the IJB; and establish a formal and proportionate mechanism to obtain annual assurance from the HSCP's delivery partners, Inverclyde Council and NHS Greater Glasgow & Clyde, regarding their compliance with the Civil Contingencies Act 2004. In turn, that assurance should be appropriately provided to the IJB each year. <p>Agreed Action: Recommendation accepted. IJB report to be submitted to the June meeting on the above points and schedule for yearly update. An action plan of work around this will be developed and submitted alongside the report.</p>	<p>Service Manager Advice Service & Business Support</p>	<p>30.06.2023</p>

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
Budgetary Control (March 2020)	<p>Updating the Inverclyde Integration Joint Board's (IJB) reserves strategy (Green)</p> <p>The IJB's Chief Financial Officer will update the IJB's reserves strategy to fully:</p> <ul style="list-style-type: none"> • reflect the terminology used within the IJB's annual accounts regarding reserves; and • allow for the revised Integration Scheme. 	<p>30.09.20 31.09.21 31.08.22</p>	30.06.23	An updated reserves strategy will go to the IJB Audit Committee in June 23. This will include an update also in relation to risk attached to specific reserves.
IJB Integration Scheme Update – Readiness Review (December 2019)	<p>Specifying governance arrangements within the Integration Scheme (Amber)</p> <p>The Scottish Government have confirmed IJBs will be required to review their current integration schemes rather than complete a new scheme. The 6 HSCP across Greater Glasgow and Clyde will contribute to a short life working group to review collectively ensuring cross cutting issues are addressed.</p> <p>The Inverclyde HSCP has identified the appropriate officer to contribute to this work. The HSCP are also working closely with Legal Services within the Council and NHS to review our current Integration Scheme.</p>	<p>31.07.22 31.05.23</p>	To be advised	Work has continued to be developed on the integration schemes. We continue to work with our partners at the NHS and Council around updates. Work also continues across all 6 Greater Glasgow and Clyde IJB's to find a consistent approach to our Integration Schemes.

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
IJB Performance Management and Reporting Arrangements (July 2021)	Reporting on progress with implementing the IJB's Strategic Plan (Amber) Management will produce an "easy read" document which covers the progress being made with implementing the IJB's Strategic Plan and would accompany the Annual Performance report.	30.06.22 30.11.22	30.09.23	The Strategic Plan was presented to the March 2023 IJB and was approved. The "easy read" document will be presented to the September meeting of the IJB.
IJB Performance Management and Reporting Arrangements (July 2021)	Reporting on progress with implementing the IJB's Strategic Plan (Amber) Management will provide a mid-year (April to September) Strategic Plan progress report to IJB that includes RAG status and actions.	30.11.22	30.09.23	The Strategic Plan was presented to the March 2023 IJB and was approved. The mid-year update will be presented to the September meeting of the IJB.
IJB Performance Management and Reporting Arrangements (July 2021)	Managing the development of detailed workforce plan action plans (Green) The IJB Chief Financial Officer will oversee appropriate arrangements to regularly and adequately monitor the development and implementation of each detailed action plan which originates from the high-level workforce plan.	30.04.23	30.06.23	An updated report will be presented to IJB in June 2023.

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF ACTION PLAN POINTS BY AUDIT YEAR

SECTION 5

The following table sets out the total number of agreed actions raised by audit year together with their completion status as at 31 May 2023.

Audit Year	Total Agreed Actions	Total Actions Completed	Total Current Actions Not Yet Due*		
			Red	Amber	Green
2016/2017	3	3	0	0	0
2017/2018	8	8	0	0	0
2018/2019	6	5	0	1	0
2019/2020	6	5	0	0	1
2020/2021	2	2	0	0	0
2021/2022	6	4	0	1	1
2022/2023	6	1	0	3	2
Total	37	28	0	5	4

* This part of the table sets out the total number of current actions not yet due at the date of the follow up report.

Report To:	Inverclyde Integration Joint Board Audit Committee	Date:	26 June 2023
Report By:	Chief Officer Inverclyde Integration Joint Board	Report No:	IJBA/07/2023/AP
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	STATUS OF EXTERNAL AUDIT ACTION PLANS – 31 MAY 2023		

1.0 PURPOSE AND SUMMARY

1.1 ☐ For Decision ☒ For Information/Noting

1.2 The purpose of this report is to advise Inverclyde IJB Audit Committee members of the status of current actions from External Audit Action Plans at 31 May 2023.

2.0 RECOMMENDATIONS

2.1 It is recommended that Inverclyde IJB members note the progress to date in relation to the implementation of external audit actions.

Kate Rocks
Chief Officer
Inverclyde Health and Social Care Partnership

3.0 BACKGROUND AND CONTEXT

- 3.1 The Chief Internal Auditor co-ordinates follow up reporting on current actions arising from External Audit Action Plans on a monthly basis with regular reporting to the Audit Committee.
- 3.2 There was one action due for completion by 31 May 2023 which has missed the deadline set by management.
- 3.3 There are 3 current external audit actions being progressed by officers. The current status report is attached at Appendix 1.

4.0 PROPOSALS

- 4.1 The Inverclyde IJB Audit Committee is asked to note the progress to date in relation to the implementation of external audit actions.

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

There is a risk that failure to implement agreed audit actions in a timely manner could result in an inability to provide a reasonable level of assurance over the Inverclyde IJB's system of internal control to those charged with governance.

6.0 DIRECTIONS

6.1	Direction Required to Council, Health Board or Both	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 Relevant Officers were asked to provide updates to the report as appropriate.

8.0 BACKGROUND PAPERS

8.1 External Audit Reports. Copies available from Chief Internal Auditor.

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
AT 31 MAY 2023**

**Summary: Section 1 Summary of Management Actions due for completion by
31/05/2023**

There was one action due for completion by 31 May 2023 which has missed the deadline set by management.

**Section 2 Summary of Current Management Actions Plans at
31/05/2023**

At 31 May 2023 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Current Management Actions at 31/05/2023

At 31 May 2023 there were 3 current audit action points.

Section 4 Analysis of Missed Deadlines

At 31 May 2023 there was one audit action point where the agreed deadline has been missed.

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 31.05.2023

SECTION 1

No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*
1			1

* These actions are included in the Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF CURRENT MANAGEMENT ACTIONS AS AT 31.05.2023

SECTION 2

CURRENT ACTIONS

Month	No of actions
Due for completion June 2023	2
Completion date to be advised	1
Total Actions	3

**INVERCLYDE COUNCIL INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS**

CURRENT MANAGEMENT ACTIONS AS AT 31.01.2023

SECTION 3

Action	Owner	Expected Date
2021/22 Annual Audit Report (November 2022)		
Medium to Long Term Financial Plan Recommendation: The IJB should develop a longer-term financial plan which extend a 3-year period. Agreed Action: A new 5 year financial plan will be produced by March 2023.	Chief Financial Officer	30.06.2023
b/f Integration Scheme Review Recommendation: The updated Integration Scheme should be approved and submitted to the Scottish Government as soon as practicable. Agreed Action: The Integration Scheme is currently being reviewed. The IJB are working closely with Legal Services within Inverclyde Council and NHS Greater Glasgow and Clyde to review their current Integration Scheme. This matter has been disclosed the Governance Statement in the IJB's annual accounts.	Chief Officer	To be advised*
b/f Implementation of Locality Planning Groups Recommendation: Locality Planning Groups should be implemented to oversee the development of Locality Action Plans. Agreed Action: As part of the requirements laid down in the Public Bodies (Joint Working) (Scotland) Act 2014. The HSCP will develop Two Locality Groups – an East Locality and a West Locality, they will work alongside the six communication and engagement groups of Inverclyde Council and Inverclyde Community Planning. We endeavour to have the Localities set up by end of March 2023.	Chief Financial Officer	30.06.2023

**INVERCLYDE INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Action	Original Date	Revised Date	Management Comments
2021/22 Annual Audit Report (November 2022)	<p>b/f Integration Scheme Review Recommendation: The updated Integration Scheme should be approved and submitted to the Scottish Government as soon as practicable.</p> <p>Agreed Action: The Integration Scheme is currently being reviewed. The IJB are working closely with Legal Services within Inverclyde Council and NHS Greater Glasgow and Clyde to review their current Integration Scheme. This matter has been disclosed the Governance Statement in the IJB's annual accounts.</p>	31.05.23	To be advised	This continues to be outstanding. The Integration schemes have not been agreed across all partners yet. We continue to work with both the NHS and Council around this matter.

Report To:	Inverclyde Integration Joint Board Audit Committee	Date:	26 June 2023
Report By:	Kate Rocks, Chief Officer Inverclyde Health & Social Care Partnership	Report No:	IJBA/11/2023/CG
Contact Officer:	Craig Given	Contact No:	01475 715381
Subject:	EXTERNAL AUDIT – ANNUAL AUDIT PLAN 2022/23		

1.0 PURPOSE AND SUMMARY

- 1.1 ☐ For Decision ☒ For Information/Noting
- 1.2 The purpose of this report is to present the External Audit Plan for 2022/23, produced by KPMG.
- 1.3 Appendix 1 contains the Annual Audit Plan 2022/23 for the IJB prepared by the IJB's External Auditors, KPMG.
- 1.4 Representatives from KPMG will be in attendance at the meeting in order to present the Plan and answer any questions.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the IJB Audit Committee note the Annual Audit Plan 2022/23.

Kate Rocks
Chief Officer
Inverclyde Health and Social Care Partnership

3.0 BACKGROUND AND CONTEXT

- 3.1 The IJB's External Auditors, KPMG, have submitted their plan for the audit of the 2022/23 annual accounts. This plan is attached at Appendix 1.
- 3.2 A representative from KPMG will be in attendance at the meeting in order to present the Plan and answer any questions.

4.0 PROPOSALS

- 4.1 It is proposed that the IJB Audit Committee note the Annual Audit Plan 2022/23.

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 Finance

There are no financial implications arising from this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

There are no specific legal implications arising from this report.

5.4 Human Resources

There are no specific human resources implications arising from this report.

5.5 Equalities

(a) Equalities

This report has been considered under the Corporate Equalities Impact Assessment (EqIA) process with the following outcome:

	YES – Assessed as relevant and an EqIA is required.
√	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, assessed as not relevant and no EqIA is required. Provide any other relevant reasons why an EqIA is not necessary/screening statement.

(b) Equality Outcomes

How does this report address our Equality Outcomes?

Equalities Outcome	Implications
People, including individuals from the above protected characteristic groups, can access HSCP services.	None
Discrimination faced by people covered by the protected characteristics across HSCP services is reduced if not eliminated.	None
People with protected characteristics feel safe within their communities.	None
People with protected characteristics feel included in the planning and developing of services.	None
HSCP staff understand the needs of people with different protected characteristic and promote diversity in the work that they do.	None
Opportunities to support Learning Disability service users experiencing gender based violence are maximised.	None
Positive attitudes towards the resettled refugee community in Inverclyde are promoted.	None

5.6 Clinical or Care Governance

There are /are no governance issues within this report.

5.7 National Wellbeing Outcomes

How does this report support delivery of the National Wellbeing Outcomes?
There are no National Wellbeing Outcomes implications within this report.

National Wellbeing Outcome	Implications
People are able to look after and improve their own health and wellbeing and live in good health for longer.	None
People, including those with disabilities or long term conditions or who are frail are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community	None
People who use health and social care services have positive experiences of those services, and have their dignity respected.	None
Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	None
Health and social care services contribute to reducing health inequalities.	None
People who provide unpaid care are supported to look after their own health and wellbeing, including reducing any negative impact of their caring role on their own health and wellbeing.	None
People using health and social care services are safe from harm.	None
People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	None
Resources are used effectively in the provision of health and social care services.	None

5.8 Children and Young People

Has a Children's Rights and Wellbeing Impact Assessment been carried out?

	YES – Assessed as relevant and a CRWIA is required.
X	NO – Assessed as not relevant as this report does not involve a new policy, function or strategy or recommends a substantive change to an existing policy, function or strategy which will have an impact on children's rights.

5.9 Environmental/Sustainability

Summarise any environmental / climate change impacts which relate to this report.

Has a Strategic Environmental Assessment been carried out?

	YES – assessed as relevant and a Strategic Environmental Assessment is required.
X	NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document which is like to have significant environmental effects, if implemented.

5.10 Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals.

6.0 DIRECTIONS

6.1	Direction Required to Council, Health Board or Both	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 draft plan was circulated by Audit Scotland to the Chief Financial Officer for comment and feedback and shared with the Chief Officer.

8.0 BACKGROUND PAPERS

- 8.1 None



Indicative External Audit Plan for the year ended 31 March 2023

Inverclyde Integration Joint Board

DRAFT FOR DISCUSSION

26 June 2023

Key contacts

Your key contacts in connection with this report are:

Michael Wilkie
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Indicative Materiality	4
Expected audit risks and our approach	5
Audit cycle and timetable	10
Wider scope and best value	11
Appendices	16

About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's Code of Audit Practice ("the Code").

This report is intended for the benefit of Inverclyde Integration Joint Board ("the Board") and is made available to Audit Scotland and the Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report and it will not be quoted or referred to, in whole or in part, without our prior written consent. We have prepared this report for the benefit of the Beneficiaries alone.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scoping and purpose section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.



Introduction

To the Audit Committee of Inverclyde Integration Joint Board

We are pleased to have the opportunity to meet with you on 26 June 2023 to discuss our anticipated approach to the audit of the financial statements of Inverclyde Integration Joint Board, as at and for the year ending 31 March 2023.

Our audit plan incorporates key changes required as a result of changes to both *International Auditing Standard (ISA) UK 315: Identifying and assessing the risks of material misstatement* and *ISA 240: The auditors responsibilities relating to Fraud*.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

This report is indicative at this stage, as we complete our planning and risk assessment work, and sets out our approach to setting materiality and likely audit risks as well as other salient aspects of our approach.

The engagement team

Michael Wilkie is the engagement leader on the audit. Michael will lead the engagement and is responsible for the audit opinion. Chris Paisley will be the senior manager responsible for the audit and will be responsible for overseeing the delivery of our audit. Other key members of the engagement team include Henry Lau (Assistant Manager).

Yours sincerely,

Michael Wilkie

26 June 2023

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion that is also important.

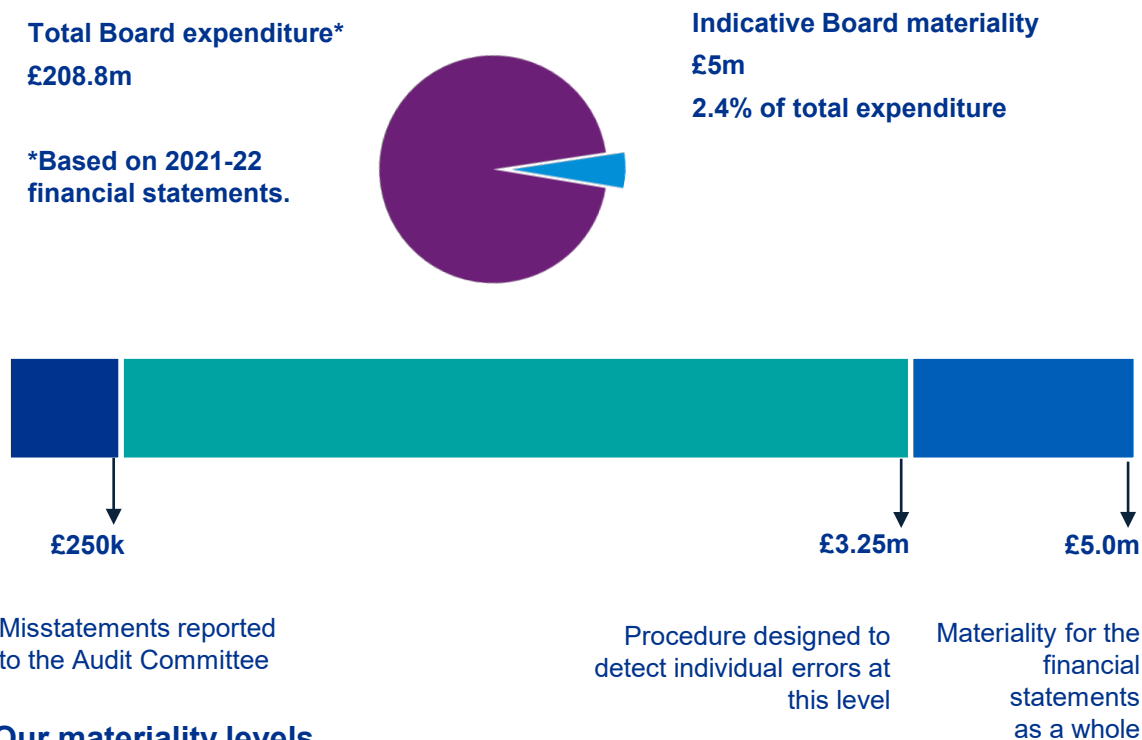
We define 'audit quality' as being the outcome when audits are:

- **Executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality controls**; and
- All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics** and **integrity**.

Restrictions on distribution

This report is intended solely for the information of those charged with governance of Inverclyde Integration Joint Board and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Indicative Materiality (Board)



Our materiality levels

The materiality levels outlined above is indicative and will be confirmed when we receive the draft financial statements. We determine materiality for the consolidated financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We expect to use a benchmark of total expenditure for cost of services. (before asset impairments and defined benefit pension charges) which we consider to be appropriate as it reflects the scale of the Authority’s services and we consider this most clearly reflects the interests of users of the Authority’s accounts. To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of performance materiality. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons, such as directors’ salary information in the remuneration report.

Reporting to the audit committee

Under ISA 260, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Board, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.25 million.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Significant audit risks and our audit approach

Our planning and risk assessment is ongoing at the time of preparing this report, and therefore this section of our report sets out the expected audit risks we anticipate to focus on and to take up significant audit time. This risk assessment is subject to change and we will provide an updated set of risks, should these change significantly.

Our risk assessment draws upon our knowledge of the industry and the wider economic environment in which Inverclyde Integration Joint Board operates.

We also use our regular meetings with senior management to update our understanding and take input from component audit teams and internal audit reports.

We will update our risk assessment once we have completed our detailed planning procedures and provide a further update in our Audit Plan and Strategy.

Relevant factors affecting our risk assessment

Significant risks

- | | |
|---|---|
| 1 | Fraud risk from income recognition and expenditure
(presumed risk per ISA 240 – rebutted) |
| 2 | Fraud risk from management override of controls
(presumed risk per ISA 240 – not rebutted) |

Other risks

- | | |
|---|--|
| 3 | Completeness and accuracy of expenditure |
| 4 | Financial Sustainability and Reserves |

Significant audit risks and our audit approach

1. Risk from income recognition and expenditure

Significant audit risk

Under ISA 240 there is a presumed risk that income may be misstated due to improper recognition of income. This requirement is modified by Practice Note 10, issued by the FRC, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

Income

We consider that the Board's significant income streams, which include funding requisitions from Inverclyde Council and NHS Greater Glasgow and Clyde. These are agreed in advance of the financial year, with any changes arising from changes in need, requiring approval from each body. There is no estimation or judgement in recognising this stream of income and we do not regard the risk of fraud to be significant.

We therefore plan to rebut this risk and do not incorporate specific work into our audit plan in this area beyond our standard fraud procedures.

We will continue to assess this as we complete our planning and risk assessment and report any changes should this assessment change.

Expenditure

The Board works with Inverclyde Council and NHS Greater Glasgow and Clyde in order to deliver services delegated by the Board. The Board makes these decisions based on its budget agreed in advance of the financial year. There is no estimation or judgement in recognising expenditure to these bodies, and we do not regard the risk of fraud to be significant.

We therefore plan to rebut this risk and do not incorporate specific work into our audit plan in this area beyond our standard fraud procedures.

We will continue to assess this as we complete our planning and risk assessment and report any changes should this assessment change.

Significant audit risks and our audit approach

2. Management override of controls

Significant audit risk	Planned response
<p>The risk</p> <p>Professional standards require us to communicate the fraud risk from management override of controls as significant.</p> <p>Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>We have not identified any specific additional risks of management override relating to this audit.</p>	<ul style="list-style-type: none">– Our audit methodology incorporates the risk of management override as a default significant risk. In line with our methodology, we will evaluate the design and implementation of the controls in place for the approval of manual journals posted to the general ledger to ensure that they are appropriate.– We will evaluate the design and implementation of general IT controls.– We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk, such as journals impacting revenue or expenditure recognition around year-end, or journals linked to our other recognised significant risks.– We will assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.– We will review the appropriateness of the accounting for significant transactions that are outside the Board's normal course of business, or are otherwise unusual.– We will assess the controls in place for the identification of related party relationships and test the completeness of the related parties identified. We will verify that these have been appropriately disclosed within the financial statements.

Other audit risks and our audit approach

3. Completeness and accuracy of Expenditure

Other risks	Planned response
<p>The risk</p> <p>Completeness and accuracy of expenditure</p> <p>The Board's Integrated finance team, led by the Chief Finance Officer, prepare forecasts as part of the annual budgeting process. There is a risk that the actual expenditure and resulting funding is not correctly captured.</p>	<ul style="list-style-type: none">– Our substantive audit will obtain support for the gross expenditure included in Inverclyde Council and NHS Greater Glasgow and Clyde's accounting records.– We will obtain written confirmations of expenditure from each of these bodies.

Other audit risks and our audit approach

4. Financial Sustainability and Reserves (wider scope risk)

Other risks

The risk

Financial Sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services or the way in which they should be delivered. This is inherently a risk to the Board giving the challenging environment where demands and inflation likely to be outstripping funding increases, leading to increased efficiencies needed.

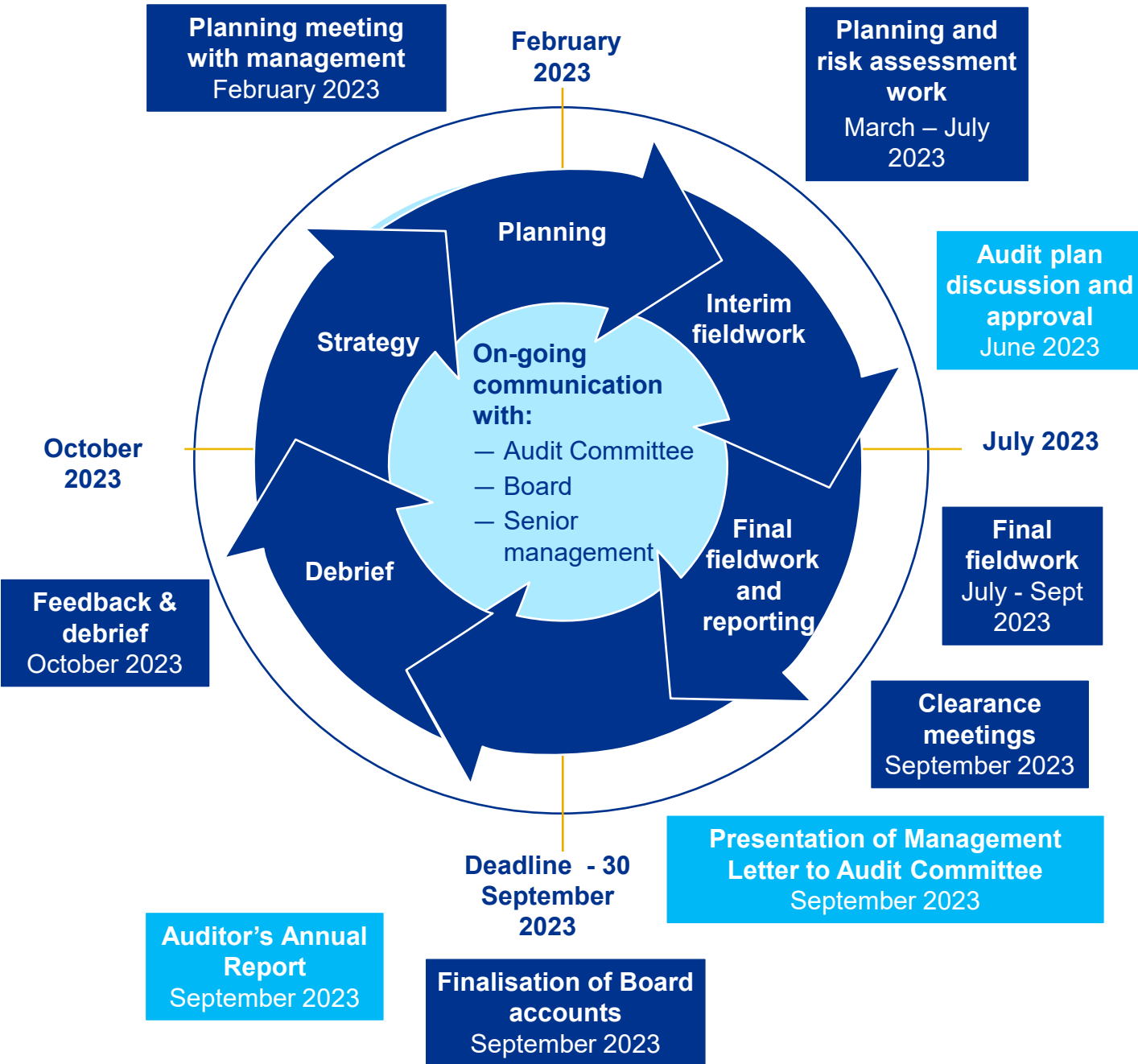
In addition on going discussions with Scottish Government has highlighted a desire to recover / use Covid 19 funds received in 2021-22 but not spent by 31 March 2023.

Planned response

- The Board received funding from NHS Greater Glasgow and Clyde and Inverclyde Council, and is part of an agreed integration scheme.
- This scheme includes the need for the Board to achieve a break-even position unless there are clear plans to create or utilise reserves.
- A three year strategic plan should be produced that incorporates a medium term financial plan, incorporating: activity changes due to changes in demand; inflation; efficiency savings; the Board's legal requirements, which may impact unavoidable commitments; and savings required to align to funding available, including risk assessment of the impact of these savings.
- Where recovery plans are needed to address any deficits, these are agreed in consultation with both parties, in terms of timescales and the scale of recovery required to return to the break-even position.
- We will consider the Board's financial planning, reserves strategy, and medium term financial plans, including the identification and delivery of efficiencies and savings.
- We will remain alert to the communications with Scottish Government in respect of the unutilised Covid 19 reserves;
- We will conclude on the appropriateness of these arrangements in our annual audit report, within the financial sustainability wider scope work.

Audit cycle and expected timetable

Our 2022/23 schedule



- Key Events
- AC communications



Wider scope and best value approach

Inverclyde Integration Joint Board

Wider scope and best value

Approach

We are required to assess and provide conclusions in the Annual Audit Report in respect of four wider scope dimensions: financial sustainability; financial management; vision, leadership and governance; and use of resources to improve outcomes.

We are also required to report on how the Board demonstrates it meets its best value responsibilities

We set out below an overview of our approach to wider scope and best value requirements of our annual audit. We have not, at this stage of our planning, identified any significant wider scope and best value risks. We will provide narrative on these and other areas in the Annual Audit Report where relevant.

Risk assessment

We consider the relevance and significance of the potential business risks faced by local authorities, and other risks that apply specifically to the Board. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

— The Board's own assessment of the risks it faces, and its arrangements to manage and address its risks.

— Evidence gained from the work of the predecessor auditor, including the response to that work.

We use the shared risk assessment process to consider if there are wider scope and best value risks relevant to the Annual Audit Report

Linkages with other audit work

There is a degree of overlap between the work we do as part of the wider scope and best value audit and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the Board's organisational control environment, many aspects of which are relevant to our wider scope and best value audit responsibilities.

We have always sought to avoid duplication of audit effort by integrating our financial statements and wider scope, and this will continue. We consider information gathered through the shared risk assessment and the Audit Commission's five strategic priorities when planning and conducting our work.

Wider scope and best value

Approach (continued)

· Identification of significant risks

The Code identifies a matter as significant ‘if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.’

If we identify significant wider scope risks, we will highlight the risk to the Board and consider the most appropriate audit response in each case, including:

— Considering the results of work by the Board, inspectorates and other review agencies.

— Carrying out local risk-based work to form a view on the adequacy of the Board’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

· Concluding on wider scope and best value

At the conclusion of the wider scope and best value audit we will consider the results of the work undertaken and assess the assurance obtained against each of the wider scope audit dimensions, regarding the adequacy of the Board’s arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our wider scope conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG’s quality control processes, to help ensure the consistency of auditors’ decisions.

· Reporting

We will update our assessment throughout the year and should any issues present themselves we will report them in our Annual Audit Report.

We will report on the results of the wider scope and best value audit through our Annual Audit Report. This will summarise any specific matters arising, and the basis for our overall conclusion.

Wider scope and best value

Approach (continued)

Financial Sustainability

Financial Sustainability looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services or the way in which they should be delivered.

Audit Approach

- We will consider the Board's long term financial plans and its ability to adapt to the changing demands for its services and increased pressures on funding.
- We will monitor the Board's key performance indicators and performance reporting, to identify any trends requiring further investigation. We will consider any overspends against budget caused by increased demand and then strain on funding, as well as any underspends due to staff slippage where vacancies have been hard to fill.
- We will inquire with officers surrounding their assumptions and judgements made in future forecasting or demand and funding.
- We will consider the Board's financial planning and reserves strategy and conclude on the appropriateness of these in our annual audit report.

Financial Management

Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Audit Approach

- We will consider the Board's systems and processes for budget setting and monitoring.
- We will review the financial results to 31 March 2023 compared to budget to consider if there are indications that savings are not being delivered as planned.
- We will consider the Board's approach to setting a balanced budget for 2023-24 and considering implications and delivery of the budget in our Annual Audit Report.

Wider scope and best value

Vision, Leadership and Governance

Vision, Leadership and Governance is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

Audit Approach

- We will consider the effectiveness of scrutiny and governance arrangements, by evaluating the challenge and transparency of the reporting of financial and performance information.
- We will continue to report on how the Board supports and maintains decision making, and conclude on its effectiveness.
- We will consider how officers present impact on equalities through equality impact assessments when members debate motions and actions. This will include, but is not limited to reporting on how the Board is committed to equal health opportunities for all the population of Inverclyde through policy development to eliminate potential areas of discrimination.
- We will also consider how the Board reports on its equality and fairness responsibilities to the public and its communities.

Use of Resources to Improve Outcomes

Use of Resources to Improve Outcomes is concerned with how effectively resources are used to provide services.

Audit Approach

- We will specifically consider statutory performance indicators, performance reporting and arrangements to provide for continuous improvement in respect of the Performance and Outcomes audit programme.

Appendices

Mandatory communications

Type	Statement
Management's responsibilities (and, where appropriate, those charged with governance)	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
Auditor's responsibilities	<p>Our engagement letter with Audit Scotland communicates our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Auditor's responsibilities - Fraud	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
Auditor's responsibilities – Other information	<p>Our engagement letter with Audit Scotland communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
Auditor's responsibilities – wider scope and best value	<p>Our value for money methodology slide on pages 13 -16 set out our responsibilities for reporting on wider scope and best value. We have set out on these pages the methodology we will adopt in discharging our responsibilities in these areas.</p>
Independence	<p>Our independence confirmation on page 19 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff.</p>

Confirmation of independence

Assessment of our objectivity and independence as auditor of the Inverclyde Integration Joint Board (“the Board”)

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP’s objectivity and independence, the threats to KPMG LLP’s independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP’s objectivity and independence to be assessed. This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings.

Our ethics and independence policies and procedures are fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

We have considered the fees charged by us to the Board and its affiliates for professional services provided by us during the reporting period. No non-audit services are expected to be provided during 2022/23.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully,

KPMG LLP

Audit team and rotation

Your audit team has been drawn from our specialist public sector audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit director and firm.

	Michael Wilkie is the director responsible for our audit. He will lead our audit work, attend the Audit Committee and be responsible for the opinions that we issue.
	Christopher Paisley is the senior manager responsible for our audit. He will co-ordinate our audit work, attend the Audit Committee and ensure we are co-ordinated across our accounts and wider scope work.
	Henry Lau is the in-charge responsible for our audit. He will be responsible for our on-site fieldwork. He will complete work on more complex sections of the audit.

To comply with professional standard we need to ensure that you appropriately rotate your external audit director. There are no other members of your team which we will need to consider this requirement for:



This will be Michael’s first year as your engagement lead. He can therefore complete a further 9 years before rotation.

Fees

Audit Scotland has completed a review of funding and fee setting arrangements for 2022-23. An expected fee is calculated by Audit Scotland to each entity within its remit. This expected fee is made up of four elements:

- Auditor remuneration (** average of Tender values)
- Audit Scotland Pooled costs
- Audit Scotland Audit Support Costs
- Audit Scotland sectoral cap adjustment

The expected fee for each body assumes that it has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for the audit.

Entity	2022/23	2021/22
Auditor Remuneration **	£33,400	£19,250
Pooled Costs	£0	£2,010
PABV Contribution	£6,350	£5,670
Audit Support Costs	£1,270	£1,030
Sectoral Cap Adjustment	-£9,550	-
TOTAL AUDIT FEES (Incl VAT)	£31,470	£27,960

Source: Audit Scotland

Billing arrangements

Fees will be billed by Audit Scotland in accordance with a billing schedule as outlined in correspondence with management.

Basis of fee information

In line with our standard terms and conditions the fee is based on the following assumptions:

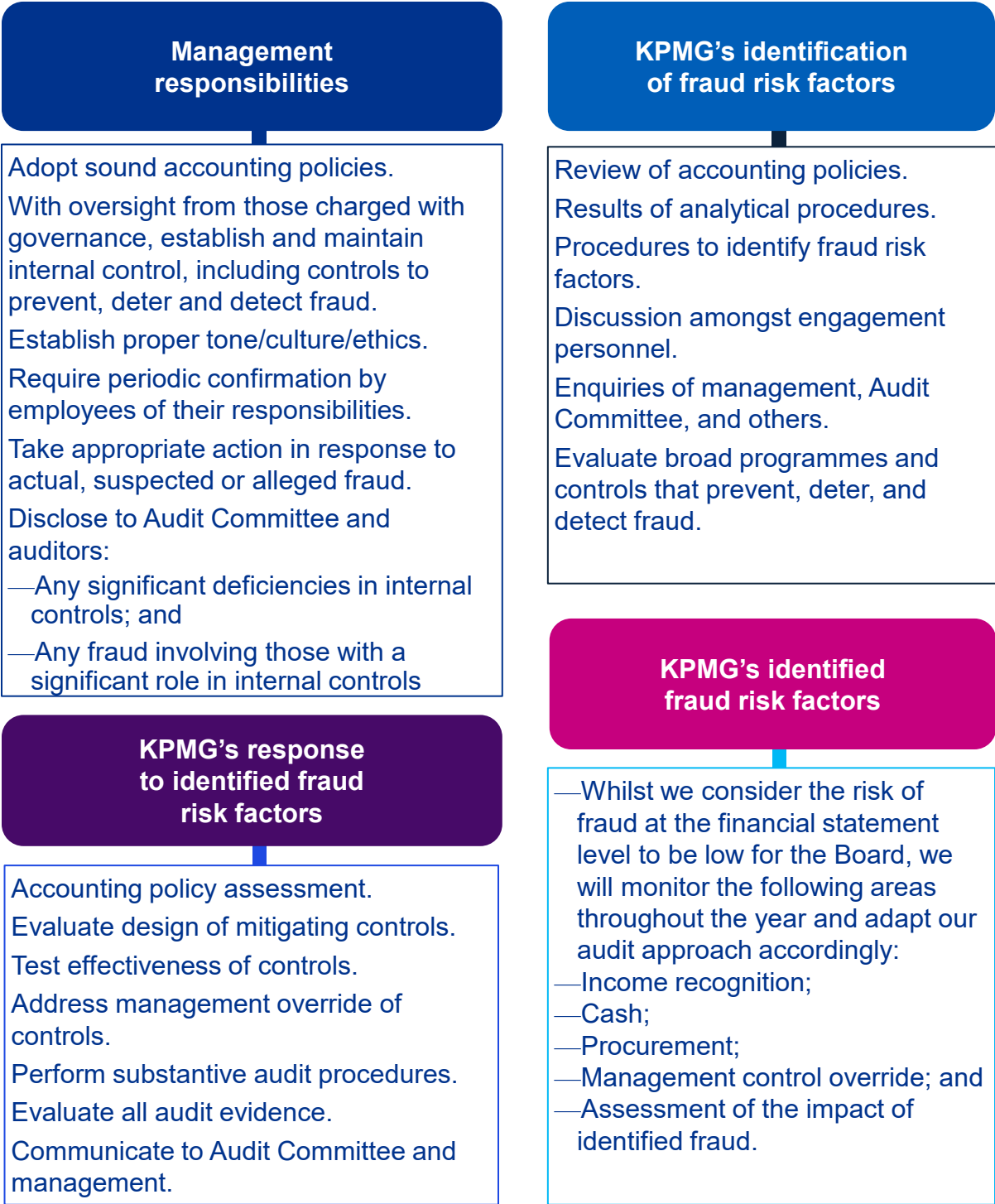
- The Board’s audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied; A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-forms as necessary. Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

If there are any variations to the above plan, we will discuss them with you and agree any additional fees before costs are incurred wherever possible.

Responsibility in relation to fraud

We are required to consider fraud and the impact that this has on our audit approach. We will update our risk assessment throughout the audit process and adapt our approach accordingly.



Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of management
Financial Statements
<p>Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:</p> <ul style="list-style-type: none">— preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation;— maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their financial statements and related reports disclosures;— ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate Board;— maintaining proper accounting records; and— preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer- term financial sustainability of the body. <p>Further, it is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.</p> <p>Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.</p> <p>Audited bodies are responsible for providing the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>

Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of management
Prevention and detection of fraud and irregularities
Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.
Corporate governance arrangements
Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including Audit Committees or equivalent) in monitoring these arrangements.
Financial position
<p>Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:</p> <ul style="list-style-type: none">— such financial monitoring and reporting arrangements as may be specified;— compliance with any statutory financial requirements and achievement of financial targets;— balances and reserves, including strategies about levels and their future use;— how they plan to deal with uncertainty in the medium and longer term; and— the impact of planned future policies and foreseeable developments on their financial position.
Best Value, use of resources and performance
The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.

Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of auditors
<p>Appointed auditor responsibilities</p> <p>Auditor responsibilities are derived from statute, this Code, ISAs, professional requirements and best practice and cover their responsibilities when auditing financial statements and when discharging their wider scope responsibilities. These are to:</p> <ul style="list-style-type: none">— undertake statutory duties, and comply with professional engagement and ethical standards;— provide an opinion on audited bodies’ financial statements and, where appropriate, the regularity of transactions;— review and report on, as appropriate, other information such as annual governance statements, management commentaries, remuneration reports, grant claims and whole of government returns;— notify the Auditor General when circumstances indicate that a statutory report may be required;— participate in arrangements to cooperate and coordinate with other scrutiny bodies (local government sector only);— demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies:<ul style="list-style-type: none">— effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets;— suitability and effectiveness of corporate governance arrangements; and— financial position and arrangements for securing financial sustainability. <p>Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.</p> <p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>

Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of auditors
General principles
This Code is designed such that adherence to it will result in an audit that exhibits these principles.
Independent
<p>When undertaking audit work all auditors should be, and should be seen to be, independent. This means auditors should be objective, impartial and comply fully with the FRC ethical standards and any relevant professional or statutory guidance. Auditors will report in public and make recommendations on what they find without being influenced by fear or favour.</p> <p>Our independence confirmation letter (Appendix two) discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff.</p> <p>We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.</p>
Proportionate and risk based
Audit work should be proportionate and risk based. Auditors need to exercise professional scepticism and demonstrate that they understand the environment in which public policy and services operate. Work undertaken should be tailored to the circumstances of the audit and the audit risks identified. Audit findings and judgements made must be supported by appropriate levels of evidence and explanations. Auditors will draw on public bodies' self-assessment and self - evaluation evidence when assessing and identifying audit risk.
Quality focused
Auditors should ensure that audits are conducted in a manner that will demonstrate that the relevant ethical and professional standards are complied with and that there are appropriate quality-control arrangements in place as required by statute and professional standards.

Audit Scotland code of audit practice – responsibility of auditors and management

Responsibilities of auditors
Coordinated and integrated
It is important that auditors coordinate their work with internal audit, Audit Scotland, other external auditors and relevant scrutiny bodies to recognise the increasing integration of service delivery and partnership working within the public sector. This would help secure value for money by removing unnecessary duplication and also provide a clear programme of scrutiny activity for audited bodies.
Public focussed
The work undertaken by external audit is carried out for the public, including their elected representatives, and in its interest. The use of public money means that public audit must be planned and undertaken from a wider perspective than in the private sector and include aspects of public stewardship and best value. It will also recognise that public bodies may operate and deliver services through partnerships, arm’s-length external organisations (ALEOs) or other forms of joint working with other public, private or third sector bodies.
Transparent
Auditors, when planning and reporting their work, should be clear about what, why and how they audit. To support transparency the main audit outputs should be of relevance to the public and focus on the significant issues arising from the audit.
Adds value
It is important that auditors recognise the implications of their audit work, including their wider scope responsibilities, and that they clearly demonstrate that they add value or have an impact in the work that they do. This means that public audit should provide clear judgements and conclusions on how well the audited body has discharged its responsibilities and how well they have demonstrated the effectiveness of their arrangements. Auditors should make appropriate and proportionate recommendations for improvement where significant risks are identified.



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

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	Direction Required to Council, Health Board or Both	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.	
Other Work			
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
Total Staff Days			20

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

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.	
Other Work			
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
Total Staff Days			20

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.

Report To:	Inverclyde Integrated Joint Board Audit Committee	Date:	26 June 2023
Report By:	Chief Officer Inverclyde Integration Joint Board	Report No:	IJBA/08/2023/AP
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	INTERNAL AUDIT ANNUAL REPORT AND ASSURANCE STATEMENT 2022/23		

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 Report and Assurance Statement for 2022/2023 which forms part of the Integration Joint Board's Annual Governance Statement.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Audit Committee notes the contents of the Internal Audit Annual Report and Assurance Statement for 2022/23.

Kate Rocks
Chief Officer
Inverclyde Health and Social Care Partnership

3.0 BACKGROUND AND CONTEXT

- 3.1 Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor provides a written statement to the Section 95 Officer to support the Annual Governance Statement. This report should present an opinion as to the overall adequacy and effectiveness of the organisation's internal control environment.
- 3.2 The report should also:
- Disclose any qualifications to that opinion, together with reasons for the qualification;
 - Present a summary of the audit work undertaken to formulate the opinion including reliance placed on the work by other assurance bodies;
 - Draw attention to any issues the Chief Internal Auditor judges particularly relevant to the preparation of the statement on internal control; and
- Compare the work undertaken with work planned.
- 3.3 The Accounting Code of Practice ("ACOP") requires that the Section 95 Officer produces a signed Annual Governance Statement as part of the Council's Annual Report. This report is subject to External Audit scrutiny as part of the year-end audit process.

4.0 PROPOSALS

- 4.1 The Internal Audit Annual Report 2022/2023 included at Appendix 1 concludes that the majority of the IJB's established internal control procedures operated as intended to meet management's control requirements for each area reviewed by Internal Audit. The overall audit opinion is **Satisfactory** and reasonable assurance can be placed on the adequacy and effectiveness of the IJB's governance, risk management and controls in the year to 31 March 2023.

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

There is a risk that failure to deliver the Internal Audit Plan would result in an inability to provide a minimum level of assurance over the IJB's system of internal control to those charged with governance.

5.3 Strategic Plan Priorities

The establishment of a robust Internal Audit Plan will assist in assessing whether the IJB has established proper governance, risk management and control arrangements which contribute to the achievement of the IJB's strategic priorities.

6.0 DIRECTIONS

6.1	Direction Required to Council, Health Board or Both	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 Not applicable. This report summarises the work carried out during 2022/2023 which have been included in separate progress reports to Audit Committee.

8.0 BACKGROUND PAPERS

- 8.1 Internal Audit Strategy and Plan 2022/23. Internal Audit Progress Reports to Audit Committee in September 2022 and March 2023.



Internal Audit Annual Report and Assurance Statement 2022/2023

13 June 2023

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SECTION 1 – INTRODUCTION

Purpose of this report

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor provides a written statement to the s95 Officer timed to support the Annual Governance Statement. This report constitutes the required statement. As required by PSIAS, this report presents the opinion of the overall adequacy and effectiveness of Inverclyde Integration Joint Board (IJB)'s risk management, control and governance processes, based on the work Internal Audit has performed. The scope of internal audit work, the responsibilities of Internal Audit, and the assurance given on the adequacy and effectiveness of the Internal Control System of the IJB are explained further in Section 4 of this report.

Main objectives of the IJB's Internal Audit Team

- 1.2 Internal Audit is an assurance function that primarily provides an independent, objective opinion to the Board on the control environment. The overall objective of Internal Audit is to review, appraise and report on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources. A secondary objective is to advise management on improvements in internal control systems.

Scope of the IJB's Internal Audit Team

- 1.3 The scope of Internal Audit allows for unrestricted coverage of the IJB's activities and unrestricted access to records and assets deemed necessary by auditors in the course of an audit.

Acknowledgements

- 1.4 The assistance provided by IJB officers in the course of the work undertaken by Internal Audit during 2022/2023 is gratefully acknowledged.

SECTION 2 – ASSESSMENT OF RISK MANAGEMENT, CONTROLS AND GOVERNANCE

Scope

- 2.1 The work undertaken by Internal Audit in 2022/2023 is summarised in Section 3 of this Report.
- 2.2 The overall assessment arising from work undertaken is summarised in paragraphs 2.3 to 2.4 below. In interpreting this assessment, consideration needs to be given to the respective responsibilities of Management and Internal Audit and the related limitations on the assurance that Internal Audit can provide (as explained in Section 4).

Overall assessment

On the basis of Internal Audit work carried out in 2022/2023, the majority of the IJB's established internal control procedures appeared to operate as intended to meet Management's requirements for the individual systems reviewed by Internal Audit. On the basis of selective testing of key controls it can be concluded that, in the main, controls were generally operating as expected during the period under review, although it does need to be recognised that some recommendations were made by Internal Audit to improve controls. The overall opinion is **Satisfactory**.

Covid-19

The significant incident in late March 2020 has continued to test how well the risk management, governance and internal controls framework operated. The longevity of the Covid-19 pandemic and its extension from 2020/21 into 2021/22 meant that the effect on the Council's businesses, residents and workforce remained an area of concern in 2022/23.

The Covid-19 pandemic and its aftermath is likely to have a lasting impact on income levels, resulting from fundamental changes in social movements, behaviours and preferences.

Other matters

- 2.3 Summaries of the issues arising in relation to each system or activity covered by Internal Audit work in 2022/2023 are reported separately to the Audit Committee. Appropriate responses to the recommendations made in internal audit reports have been obtained. When actioned, the recommendations made in the Internal Audit reports should provide management with additional comfort that the system of control operates as intended. It is therefore imperative that the agreed actions are implemented by management.
- 2.4 A follow up process is in place which ensures that all actions arising from internal audit reviews are captured within a follow up database, and are subject to follow up and validation by the Internal Audit on a regular basis, with reporting on progress to the Audit Committee.

SECTION 3 – INTERNAL AUDIT WORK CONDUCTED

Internal audit approach

- 3.1 The internal audit work has been conducted in accordance with an established methodology that promotes quality and conformance with the Public Sector Internal Audit Standards and the agreed Internal Audit annual audit plan.

Progress on the 2022/2023 internal audit plan

- 3.2 The Annual Internal Audit Operational Plan 2022/2023 was discussed and agreed with the Audit Committee on 21 March 2022.
- 3.3 Progress against planned audit work for the year to 31 March 2023 can be summarised as follows:

Progress on the 2022/2023 internal audit plan (Continued)

Audit Area	Scope	Status
Review of pandemic recovery and response planning arrangements.	The review focused on the high-level processes and procedures in relation to the response planning and concentrated on identified areas of perceived higher risk, such as the IJB not demonstrating compliance with its duties as a Category 1 responder and not having adequate arrangements in place to communicate with other Category 1 responders during an emergency.	Complete
Review of workforce planning arrangements.	The review focused on the high-level processes and procedures in relation to implementing the IJB's workforce plan and concentrated on identified areas of perceived higher risk, such as not adequately monitoring implementation of the workforce plan and not adequately reporting on the progress being made with implementing the plan.	Complete
Action Plan Follow Up	To monitor the progress of implementation of agreed internal audit action plans by management.	Ongoing
Audit Planning and Management	Review and update of the audit universe and attendance at IJB Audit Committee.	Complete
Internal Audit Annual Report	Annual report on 2022-2023 audit activity.	Complete

Performance Measures

3.7 The following performance measures were in place for 2022/2023:

Measure	Description	Target	Actual
1. Final Report	Percentage of final reports issued within 2 weeks of draft report.	100%	100%
2. Draft Report	Percentage of draft reports issued within 3 weeks of completion of fieldwork.	90%	100%
3. Audit Plan Delivery	Percentage of audits completed v planned.	85%	100%
4. Audit Budget	Percentage of audits completed within budgeted days.	80%	100%
5. Audit Recommendations	Percentage of audit recommendations agreed.	90%	100%
6. Action Plan Follow Up	Percentage of action plans followed up – Internal Audit.	100%	100%
7. Customer Feedback	Percentage of respondents who rated the overall quality of internal audit as satisfactory or above.	100%	100%
8. Staff compliance with CPD	Number of training hours undertaken to support CPD	60	60
9. Management engagement	Number of meetings with Chief Officer and Chief Financial Officer as appropriate	2 per year	2

Reliance from other assurance providers

- 3.8 During 2022/2023, there were a number of audit reviews carried out by Inverclyde Council which impacted on the IJB.
- 3.9 In terms of audit follow up processes, Internal Audit follow up each action when it falls due with regular reporting to the Council's Corporate Management Team and Inverclyde Council Audit Committee on the implementation of agreed actions and any matters of concern.
- 3.10 In addition, corporate fraud investigations have been undertaken in relation to blue badge enquiries to establish validity of use.
- 3.11 The overall audit opinion reported in the Inverclyde Council Internal Audit Annual Audit report was as follows:-

On the basis of Internal Audit work carried out in 2022/2023, the majority of Inverclyde Council's established internal control procedures appeared to operate as intended to meet Management's requirements for the individual systems reviewed by Internal Audit. On the basis of selective testing of key controls it can be concluded that, in the main, controls were generally operating as expected during the period under review, although it does need to be recognised that a number of recommendations were made by Internal Audit to improve controls. The overall opinion is Satisfactory.

- 3.12 During 2022/2023, a number of Internal Audit Reports have been issued to NHSGGC. Update reports have been provided to the Chief Internal Auditors of the 6 Integration Joint Boards within the NHSGG&C area in relation to the work carried out to provide relevant assurances on the system of internal control.
- 3.13 Internal Audit undertake follow up work on a quarterly basis to confirm the implementation of recommendations. The results of the follow up work are then reported to the Audit Committee with any matters of concern being drawn to the attention of this Committee.
- 3.14 The overall audit opinion reported in the NHSGGC Internal Audit Annual Audit report 2022/2023 was as follows:

In our opinion NHSGGC has a framework of governance and internal control that provides reasonable assurance regarding the effective and efficient achievement of objectives.

Reliance by external audit

- 3.15 During the year under review, liaison has taken place with the IJB's External Auditors through joint attendance at the Audit Committee, meetings, ad hoc discussions and the sharing of audit plans and reports. External audit considers the work of Internal Audit throughout the year to inform their audit process.

SECTION 4 – SCOPE, RESPONSIBILITIES AND ASSURANCE

Approach

- 4.1 The internal audit work has been conducted in accordance with an established methodology that promotes quality and conformance with the Public Sector Internal Audit Standards and the agreed annual audit plans. The overall scope of the internal audit work encompasses the IJB's risk management practices, governance practices and internal controls.

- 4.2 The Annual Audit Plan is based on a formal risk assessment which is revised on an ongoing basis to reflect evolving risks and changes within the IJB. The Internal Audit Annual Audit Plan 2022/2023 was discussed and agreed at the Audit Committee on 21 March 2022. In addition, consultation on the content and coverage of the audit plan took place with the Chief Officer and the Chief Financial Officer.

Responsibility and reporting lines of the Chief Internal Auditor

- 4.3 The Chief Internal Auditor reports functionally to the IJB Audit Committee and has a right of access and freedom to report in her own name to all officers and members and particularly those charged with governance. The adoption of these arrangements enables the IJB to conform with the reporting line requirements of the International Standard on Auditing ("ISA") (UK and Ireland) 610 and the Public Sector Internal Audit Standards which were adopted by Local Government in the United Kingdom on 1 April 2013.
- 4.4 The Chief Internal Auditor also has a specific responsibility to the IJB's s95 Officer to provide assurances which informs the preparation of the Annual Governance Statement for inclusion in the IJB's Annual Report and Accounts.

The work of Internal Audit

- 4.5 Internal Audit is an independent appraisal function established by the IJB for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 4.6 In accordance with the principles of Corporate Governance, the Chief Internal Auditor reports with independence and impartiality to the IJB's Audit Committee on a regular basis. The Chief Internal Auditor prepares an annual report containing a view on the adequacy and effectiveness of the systems of internal controls.
- 4.7 The Internal Audit team operates in accordance with an established methodology that promotes quality and conformance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme of work approved by the IJB's Audit Committee. The Annual Audit Plan is based on a formal risk assessment, which is revised on an ongoing basis to reflect emerging risks and changes within the IJB. The Internal Audit Annual Audit Plan for 2022/2023 was discussed and agreed at the Audit Committee on 21 March 2022.
- 4.8 All Internal Audit reports identifying system improvements or non-compliance with expected controls are brought to the attention of management and include recommendations for improvement and agreed Action Plans. It is management's responsibility to give proper consideration to Internal Audit reports and take appropriate action on audit recommendations. The Chief Internal Auditor is required to confirm that appropriate arrangements are made to determine whether action has been taken on Internal Audit recommendations or that management has understood and accepted the risks of not taking action. Management progress on implementing actions is reported to the IJB's Audit Committee at each committee cycle.

Responsibilities of Management and Internal Audit

- 4.9 It is Management's responsibility to maintain systems of risk management, internal control and governance.
- 4.10 Internal Audit is an element of the internal control framework established by management to examine, evaluate and report on accounting and other controls over operations. Internal Audit assists management in the effective discharge of its responsibilities and functions by examining and evaluating controls. Internal Audit cannot be held responsible for internal control failures.
- 4.11 Internal Audit's role includes assessing the adequacy of the risk management, internal controls and governance arrangements put in place by management and performing testing on a sample of transactions to ensure those controls were operating for the period under review.
- 4.12 Public Sector Internal Audit Standards (PSIAS) require us to communicate on a timely basis all facts and matters that may have a bearing on our independence. We can confirm that all staff members involved in 2022/23 internal audit reviews were independent of operational processes and their objectivity was not compromised in any way.

Basis of the internal audit assessment

- 4.13 In accordance with Guidance supporting the Public Sector Internal Audit Standards, the assessment on risk management, control and governance is based upon:
- Internal Audit work undertaken by the Internal Audit Team during the year to 31 March 2023 (in accordance with the annual audit plan approved by the Audit Committee);
 - The assessments of risk completed during the preparation and updating of the annual audit plan;
 - Reports issued by Internal Auditors for Inverclyde Council and the NHSGGC;
 - Reports issued by Audit Scotland, the IJB's External Auditors; and
 - Internal Audit's knowledge of the IJB's governance, risk management and performance monitoring arrangements.

Limitations on the assurance that Internal Audit can provide

- 4.14 It should be noted that the assurance expressed within this report can never be absolute. It is not a guarantee that all aspects of risk management, control and governance are adequate. The most that internal audit can provide to the s95 Officer and Audit Committee is reasonable assurance based on the work performed.
- 4.15 There are inherent limitations as to what can be achieved by internal control and consequently limitations to the conclusions that can be drawn from this engagement. These limitations include the possibility of faulty judgment in decision making, of breakdowns because of human error, of control activities being circumvented by the collusion of two or more people and of management overriding controls. Also there is no certainty that internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks which may arise in future.
- 4.16 Organisations and their internal control needs differ by type, size, culture and management philosophy. One organisation's internal control system may be very different from another's in relation to similar processes. Also, decisions made in designing internal controls inevitably involve the acceptance of some degree of risk. As the outcome of the operation of internal controls cannot be predicted with absolute assurance any assessment of internal control is judgmental.

Satisfactory	<p>Controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.</p> <ul style="list-style-type: none"> • A limited number of Amber rated issues may have been identified, but generally only green issues have been found in individual audit assignments. • None of the individual assignment reports have an overall opinion of <i>Requires Improvement or Unsatisfactory</i>.
Generally Satisfactory with some improvement needed	<p>A few specific control weaknesses were noted: generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives should be met.</p> <ul style="list-style-type: none"> • A number of Amber rated issues identified in individual audit assignments that collectively do not significantly impact the system of internal control. • Red rated issues that are isolated to specific systems or processes. • None of the individual assignment reports have an overall opinion of <i>Unsatisfactory</i>.
Major improvement needed	<p>Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.</p> <ul style="list-style-type: none"> • A high number of Amber rated issues that collectively have a significant impact on some parts of the system of internal control but are not widespread. • A number of Red rated issues that collectively have a significant impact on some parts of the system of internal control but are not widespread. • A small number of individual assignment reports have an overall opinion of <i>Requires Improvement or Unsatisfactory</i>.
Unsatisfactory	<p>Controls evaluated are not adequate, appropriate or effective to provide reasonable assurance that risks are being managed and objectives should be met.</p> <ul style="list-style-type: none"> • Amber and Red rated issues identified in individual assignments that collectively are widespread to the system of internal control. • A high number of individual assignment reports have an overall opinion of <i>Requires Improvement or Unsatisfactory</i>.