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Health and Social Care Integration Joint
Board



Internal Audit Annual Plan 2016/17 for Scottish Borders Health and Social Care Integration Joint Board

to

**Integration Joint Board Audit Committee,
Chief Officer and Interim Chief Financial Officer**

19 September 2016

1 Introduction

- 1.1 The Scottish Borders Integration Joint Board (the Board) of Scottish Borders Health and Social Care Partnership (the Partnership) was established as a body corporate by Scottish Ministers on 6 February 2016. The Partnership has prepared a Strategic Plan for 2016 – 2019 which sets out what it wants to achieve to improve health and well-being in the Scottish Borders through integrating health and social care services. The Strategic Plan was approved by the Board on 7 March 2016 which became live on 1 April 2016 when functions and budget resources were delegated by the partners to the Board.
- 1.2 The Integration Joint Board (IJB) is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 1.3 The Partnership's Code of Corporate Governance was approved by the IJB at its meeting of 7 March 2016. The roles and responsibilities of Board members and officers are defined within a comprehensive suite of governance documents relating to the arrangements within which the partnership will operate which specifically covers:
 - Scheme of Integration
 - Key Principles of the Local Code of Governance
 - Standing Orders
 - Audit Arrangements including Terms of Reference for the Audit Committee
 - Care and Clinical Governance Assurance Framework
 - Risk Management Strategy
 - Financial Arrangements and Financial Regulations

- 1.4 In addition to its own governance arrangements, the IJB places reliance on the governance arrangements adopted by NHS Borders and Scottish Borders Council, the partners. Where appropriate existing mechanisms embedded within both NHS Borders and Scottish Borders Council will be used to provide assurance to the Health and Social Care Integration Joint Board. This will be a component of the Assurance Framework which comprises assurances from within the organisation and from external providers of assurance, with Internal Audit being part of that assurance framework.
- 1.5 The Board appointed Jill Stacey, Chief Officer Audit and Risk, Scottish Borders Council, as Chief Internal Auditor for the Integration Joint Board on 1 February 2016 with agreement that Internal Audit services for the IJB will be provided by the Council's Internal Audit team.
- 1.6 Internal Audit is an independent appraisal function established for the review of the internal control system and governance as a service to the Health and Social Care Integration Joint Board. It objectively examines, evaluates and reports on the adequacy of internal control and governance as a contribution to the proper, economic, efficient and effective use of delegated resources and the management of risk.
- 1.7 Scottish Borders Council's Chief Officer Audit & Risk acts as the head of internal audit in compliance with the requirements of the CIPFA Statement on 'The Role of the Head of Internal Audit in Public Organisations 2010' providing assurance and opinion on the IJB's internal control and governance arrangements to the Board and Management. The internal audit activity adds value to the organisation (and its stakeholders) when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance. The internal audit programme of work is designed to add value to and improve the Integration Joint Board's operations in order to meet the objectives set out in the Strategic Plan.

2 Internal Audit Annual Planning Process

- 2.1 The SBC Internal Audit function follows the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013. The key standards within the PSIAS which relate to the preparation of the internal audit plan are summarised below:
 - Standard 2010 – Planning which states that “the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals”
 - Standard 2020 – Communication and Approval which states that “the chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.”
- 2.2 The CIPFA Publication 'Audit Committees 2013' states that “The audit committee should seek to make best use of the internal audit resource within the assurance framework. In particular, the audit committee should seek confirmation from internal audit that the audit plan takes into account the requirement to provide an annual internal audit opinion that can be used to inform the Annual Governance Statement. Specific activities will include:
 - Approving (but not directing) the risk-based plan, considering the use made of other sources of assurance.”The CIPFA Publication also states that “The committee will wish to seek assurance from the HIA that appropriate risk assessment has been carried out as part of the preparation of the internal audit plans when they are presented.”
- 2.3 Key components of the audit planning process include a clear understanding of the integration authority's role and responsibilities, priorities, plans, strategies, objectives, risks and mitigating controls, and the internal and external assurances provided to determine the potential range and breadth of audit areas for inclusion within the plan, consistent with the organisation's goals. This exercise is informed by key developments at both a national and local level and other relevant background information, for example the Strategic Plan.

3 Internal Audit Resources

- 3.1 The Council's Internal Audit Annual Plan 2016/17 approved by SBC's Audit and Risk Committee on 29 March 2016 has estimated that the total productive days available for audit work will be of the order of 809 days. Staff resources estimated in the plan totalling 35 days have been allocated from existing Council resources to provide Internal Audit services to the Scottish Borders Health and Social Care Integration Joint Board in its first year of operation, which reflects the Council's contribution of corporate support resources.
- 3.2 The Council's Internal Audit function must be adequately resourced to meet its objectives, in terms of diverse range of experience, knowledge, skills and technical competencies needed to complete the programme of work.
- 3.3 SBC Internal Audit staff resources comprise the Chief Officer Audit & Risk (50% allocation to Audit), three Senior Internal Auditors, and two Internal Auditors. This follows a recent net cost reduction restructure as an efficiency savings target and implementation of the people plans whereby the Internal Audit Manager post has been deleted arising from an early retirement, and a third Senior Internal Auditor post has been established with updates in the role to reflect current practice and additional duties. It is not anticipated that this change in Internal Audit resources would limit the level of Internal Audit assurances to all existing organisations within the Annual Plan 2016/17 though this will continue to be assessed.
- 3.4 The findings from the External Quality Assessment in October 2015 of conformance with the Public Sector Internal Audit Standards (PSIAS) state that "The Internal Audit team is appropriately qualified and experienced. It was acknowledged by key stakeholders that the team was knowledgeable and professional. All members of the team are aware of the professional and ethical standards required."
- 3.5 Internal Auditors will continue to attend relevant seminars, development workshops and user groups as part of their personal development plans, to meet Continuing Professional Development requirements as appropriate, ensuring that all remain well versed in new and emerging working practices, issues and risks and have the tools, processes and insights necessary to accomplish the objectives.

4 Planned Internal Audit Programme of Work 2016/17

- 4.1 Discussions with the IJB's Chief Officer and Interim Chief Financial Officer will take place on an ongoing basis to ensure Internal Audit assurance meet the needs of the IJB and Management and other key stakeholders.
- 4.2 The audit work for 2016/17 is designed to encompass:
- (i) review and appraisal of operation of corporate governance arrangements in its first year of operation; and
 - (ii) review of performance against strategic objectives for 2016/17 described in the Scottish Borders Health and Social Care Strategic Plan, including relevant performance information and progress in delivering within the agreed financial framework.
- 4.3 The plan below gives an indication of the areas we plan to cover:

Category	Our planned audit approach within 2016/17
Internal Audit assurance on corporate governance, including key internal controls	<p>We will assess the IJB's corporate governance arrangements in place to deliver services to meet the needs of service users and the strategic priorities for health and social care integration set out in the Strategic Plan.</p> <p>We will attend the IJB meetings to observe planning, approval, monitoring and review activity of Scottish Borders Health and Social Care Partnership business and performance.</p> <p>We will consider key areas of risk for the IJB and the roles and responsibilities of Board members and officers.</p> <p>We will take account of the IJB's Local Code of Corporate Governance to ensure clarity of roles and responsibilities and areas of review might include compliance with Scheme of Integration, arrangements for the operation of Standing Orders, the management of risk, and audit arrangements.</p>

Category	Our planned audit approach within 2016/17
Internal Audit assurance on financial governance, including key internal financial controls	<p>We will assess the IJB's financial governance arrangements in place to perform and account for its financial activities in an honest, legal and transparent manner in accordance with best accounting practice.</p> <p>We will review processes in place to ensure appropriate accountability for financial management of financial resources delegated to the partnership and to facilitate the delivery of efficient and effective services, including progress in achieving efficiencies.</p> <p>We will review and evaluate the key internal controls and processes within the financial arrangements and approved IJB Financial Regulations.</p> <p>We will rely on assurance from partners' Internal Audit providers, i.e. PwC for NHS Borders and in-house team for Scottish Borders Council, through their planned Internal Audit work undertaken on the effectiveness of the key financial controls in place and the financial monitoring and reporting controls in operation to fulfil their partners' roles and responsibilities.</p>
	<p>We will perform a specific audit engagement on the governance of the Integrated Care Fund which is a transitional resource, to assess the efficacy of decision-making and performance monitoring arrangements in the use of the Fund linked to strategic priorities and outcomes.</p>
Internal Audit assurance on performance management	<p>We will assess whether there is appropriate alignment of performance measures in the IJB's Performance Management Framework to key priorities and outcomes of the Strategic Plan 2016 – 2019.</p> <p>We will check to ensure that baseline performance information is in place for 2015/16 to enable the evidence of improvement of health and wellbeing in the Scottish Borders through integrating health and social care services over time.</p> <p>We will rely on assurance from partners' Internal Audit providers, i.e. PwC for NHS Borders and in-house team for Scottish Borders Council, through their planned Internal Audit work undertaken on the effectiveness of the performance monitoring and reporting controls in operation to fulfil their partners' roles and responsibilities.</p>

5 Reporting of Internal Audit Results

- 5.1 The Internal Audit Annual Plan 2016/17 for the IJB includes sufficient work to enable the IJB's appointed Chief Internal Auditor to prepare an annual independent and objective audit opinion on the adequacy of the arrangements for risk management, governance and control of the delegated resources in its first year of operation. The audit opinion will be included within the Internal Audit Annual Report 2016/17 for the IJB which will be reported to Management, to the IJB Audit Committee, for governance and scrutiny purposes, and to the Board on an annual basis.
- 5.2 The Internal Audit Annual Report will state the results from each audit engagement outlining the risks, controls and conclusions. It will also state any Internal Audit recommendations that have been made to improve internal controls and governance in the form of an improvement action plan that will include the responsible owner and timescale for implementation. The outcomes of any monitoring of implementation of agreed actions or acceptance of risk will also be stated, as appropriate.
- 5.3 The Internal Audit findings and annual opinion will be used to inform the IJB's Annual Governance Statement for inclusion in the IJB's Annual Report and Accounts.

6 Internal Audit Added-Value Support

- 6.1 Internal Audit will support the development of the members of the IJB Audit Committee to enable effective scrutiny and challenge, support the members of the Board as appropriate to fulfil its role, and lead the self-evaluation of IJB Audit Committee against its remit and best practice, to fulfil the core principles in the IJB's Local Code of Corporate Governance.

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