

IJB AUDIT COMMITTEE
26 JUNE 2017**INTERNAL AUDIT ANNUAL REPORT 2016/17 FOR SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD****Aim**

- 1.1 To present to the IJB Audit Committee the Internal Audit Annual Report for the year to 31 March 2017; this includes the IJB Chief Internal Auditor's independent assurance opinion on the adequacy of the Scottish Borders Health and Social Care Integration Joint Board's overall control environment.

Background

- 2.1 The SBC Internal Audit function follows the professional standards as set out in Public Sector Internal Audit Standards (PSIAS) effective 1 April 2013 which requires that:

"The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme."

- 2.2 The role of the IJB Audit Committee is to provide high-level oversight of the IJB's governance, risk management and control frameworks and to oversee the financial reporting and annual governance processes. It receives reports from Internal Audit (such as this one) and External Audit, helping to ensure efficient and effective assurance arrangements are in place.

Summary

- 3.1 The Internal Audit Annual Report 2016/17 for the Scottish Borders Health and Social Care Integration Joint Board, at Appendix 1, includes the annual internal audit opinion regarding the adequacy and effectiveness of the IJB's framework of governance, risk management and internal control, provides details of the Internal Audit activity that supports the opinion, and summarises the outcomes of assessments of Scottish Borders Council's Internal Audit service against the Public Sector Internal Audit Standards (PSIAS).

- 3.2 The IJB Chief Internal Auditor's opinion on the effectiveness and appropriateness of the arrangements in place for each area considered is that:
- Governance: The IJB has made substantial progress towards operating under good public sector practice governance arrangements, but having regard to the significance of matters referred to in the report we consider governance arrangements operating in practice to be partially effective for the IJB. Transparency has been achieved through the online publication of IJB papers and minutes.
 - Financial Management: Adequate financial management processes are in place. We consider that budgetary processes are sound and the control environment and internal controls are operating effectively.
 - Performance Management: The Performance Management Framework at present is not fully developed or complete and does not meet the needs of the Board. Existing arrangements are not an effective mechanism to monitor service delivery.
- 3.3 Audit recommendations have been made to improve internal controls and governance arrangements which have been agreed by the Interim Chief Officer. Progress has already been made on actions to support full implementation of the audit recommendations.
- 3.4 The Internal Audit Annual Report 2016/17 has been used to inform the Interim Chief Officer's Annual Governance Statement 2016/17.
- 3.5 The annual internal self-assessment demonstrates sufficient evidence that Scottish Borders Council's Internal Audit section complies with the Public Sector Internal Audit Standards (PSIAS) in all significant respects with an area of further improvement shown in the Quality Assurance and Improvement Plan (QAIP), as reported through the Council's Audit and Risk Committee.

Recommendation

The Integration Joint Board Audit Committee is asked to **consider** the Internal Audit Annual Report 2016/17 for the Scottish Borders Health and Social Care Integration Joint Board as detailed in Appendix 1 of this report **and provide any commentary** thereon.

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| Policy/Strategy Implications | The establishment of appropriate audit arrangements is one of the key components of good governance. |
| Consultation | The IJB's Interim Chief Officer and Interim Chief Financial Officer have received the Internal Audit Annual Report 2016/17 to assist them in discharging their roles and responsibilities and have been advised to take into account the work of Internal Audit and independent opinion on the adequacy and effectiveness of the systems of internal control and governance when completing the IJB's Annual Governance Statement 2016/17. This report will be made available to other |

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| | key stakeholders, including senior financial management and internal and external auditors of the partner organisations to avoid duplication and maximise assurance. |
| Risk Assessment | <p>Internal Audit provides assurance to IJB's Management and Audit Committee on the adequacy and effectiveness of internal controls and governance within the IJB, including risk management, and to highlight good practice and recommend improvements.</p> <p>Key components of the audit planning process include a clear understanding of the IJB's functions, associated risks, and potential range and breadth of audit areas for inclusion within the plan to provide the audit opinion.</p> <p>It is anticipated that improvements in the management and mitigation of IJB risks will arise as a direct result of the Interim Chief Officer implementing the Internal Audit recommendations made in this report.</p> <p>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 have been used to provide assurance to the Health and Social Care Integration Joint Board.</p> |
| Compliance with requirements on Equality and Diversity | It is anticipated that there are no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals in this report. |
| Resource/Staffing Implications | Internal Audit services for the IJB have been provided by Scottish Borders Council's Internal Audit team. Reliance has been placed on relevant assurance work undertaken by the Internal Auditors of the partners, NHS Borders and Scottish Borders Council. |

Approved by

| Name | Designation | Name | Designation |
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| Jill Stacey | Chief Internal Auditor, Scottish Borders Health and Social Care | | |

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| | Integration Joint Board (SBC's Chief Officer Audit & Risk) | | |
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Author(s)

| Name | Designation | Name | Designation |
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| Jill Stacey | Chief Internal Auditor, Scottish Borders Health and Social Care Integration Joint Board (Scottish Borders Council's (SBC) Chief Officer Audit & Risk) | | |