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**SBC Internal  
Audit Section**

## **Internal Audit Annual Plan 2018/19 for Scottish Borders Health and Social Care Integration Joint Board**

**to**

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

**For presentation to IJB Audit Committee 19 March 2018**

### **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 Board approved a Strategic Plan for 2016 – 2019 on 7 March 2016 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 became live on 1 April 2016.
- 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 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
  - 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 partners will be used to provide assurance to the Health and Social Care Integration Joint Board, for example assurance from partners' Internal Audit service providers.

- 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 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 (updated 2017). 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 Staff resources, estimated in the Council's Internal Audit Annual Plan 2018/19 to be presented to SBC's Audit and Scrutiny Committee on 19 March 2018, totalling 45 days have been allocated to provide Internal Audit services to the Scottish Borders Health and Social Care Integration Joint Board in its third year of operation, which reflects the Council's contribution of corporate support resources.
- 3.2 Staff assigned to perform the IJB audit work hold relevant professional qualifications and have the necessary experience, knowledge, skills and technical competencies needed to complete the programme of work.

#### 4 Planned Internal Audit Programme of Work 2018/19

4.1 Discussions with the IJB's Chief Officer and Chief Financial Officer have taken place and will continue 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 2018/19 is designed to encompass:

- (i) appraisal of the operation of corporate governance and risk management arrangements in the third full year of operation of the IJB;
- (ii) assessment of transformation and change in service delivery, and the associated workforce development, to meet Strategic Plan priorities; and
- (iii) review of performance against strategic objectives, 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 and coverage within 2018/19
Internal Audit assurance on corporate governance, including key internal controls, and risk management	<p>We will attend the IJB meetings to observe planning, approval, monitoring and review activity of Scottish Borders Health and Social Care Integration business and performance.</p> <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 assess the IJB's progress in commissioning redesigned services and their fit with stated strategic objectives and we will consider key areas of risk.</p> <p>We will use the IJB's Local Code of Corporate Governance (updated and approved by IJB 28 August 2017) as an integrated toolkit to test the extent of compliance. Areas of specific evaluation during the year might include clarity of roles and responsibilities, compliance with Scheme of Integration, arrangements for operating Standing Orders, and the management of risk.</p> <p>We will follow-up on progress on areas of improvement recommended in 2017/18 audit assurance work relating to corporate governance, financial management and risk management. Reliance will be placed on assurance from partners' Internal Audit providers, i.e. PwC for NHS Borders and in-house team for Scottish Borders Council, through their follow-up work undertaken that is relevant to health and social care integration.</p> <p>We will consider and apply National Reports that give rise to introducing best practice arrangements or lessons learned from other organisations to enable Management to evidence improvements in health and social care integration practices on a continuous basis.</p>
Internal Audit assurance on financial governance, including key internal financial controls	<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 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 to achieve outcomes linked to strategic priorities.</p>

Category	Our planned audit approach and coverage within 2018/19
Internal Audit assurance on transformation and change	<p>We will review governance around the transformation programme of work to deliver the priorities in the Strategic Plan and the effectiveness of the delivery of transformation projects within the programme including progress with anticipated increases in income and in delivering financial efficiencies.</p> <p>We will review the approach to workforce planning and development in alignment with business and financial planning processes to provide skills, knowledge and competency requirements for redesigned services to meet strategic objectives.</p> <p>Reliance will be placed on assurance from partners' Internal Audit providers, i.e. PwC for NHS Borders and in-house team for Scottish Borders Council, through their work undertaken that is relevant to health and social care integration.</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 and validate the evidence of improvement of health and wellbeing within the Scottish Borders through integrating health and social care services.</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 2018/19 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 third year of operation.
- 5.2 At the end of the year the Internal Audit Annual Report 2018/19 for the IJB which will be reported to Management and to the IJB Audit Committee, for governance and scrutiny purposes, will include the audit opinion based on the audit work during the year, and 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. An Executive Summary of the Internal Audit Annual Report 2018/19 for IJB will be presented to the Board for assurance purposes.

## **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.

**Jill Stacey**

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