



**ANGUS INTEGRATION JOINT BOARD AUDIT COMMITTEE – 26 JUNE 2024**

**2023/24 AND 2024/25 INTERNAL AUDIT PLAN – PROGRESS REPORT**

**REPORT BY JOCELYN LYALL, CHIEF INTERNAL AUDITOR**

**ABSTRACT**

The aim of this paper is to brief the Audit Committee on the completion of the 2023/24 Annual Internal Audit Plan and an update on the 2024/25 Plan. This report also includes internal audit reports that were commissioned by the partner Audit and Risk Committees, where the outputs are considered relevant for assurance purposes to Angus IJB, for information.

**1. RECOMMENDATION**

The Audit Committee is asked to note the work undertaken relating to the 2023/24 Internal Audit Plan.

**2. BACKGROUND**




The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor (CIA) reports periodically to the Audit Committee on activity and performance relative to the approved annual plan. We have previously set out that audit work is planned to allow the Chief Internal Auditor to provide the necessary assurances prior to the signing of the accounts.

Working with our partners in Angus Council, we are committed to ensuring that internal audit assignments are reported to the target Audit Committee. The 2023/24 Annual Internal Audit Plan is complete, and progress is set out in Appendix 1.

While Internal Control Evaluation (ICE) fieldwork was undertaken in Quarter 4 as envisaged, production of the final report was delayed due to capacity in the internal audit team associated with FTF ongoing recruitment processes. The ICE output has therefore been combined with the draft 2023/24 Annual Internal Audit report which is considered under a separate agenda item.

The 2024/25 Annual Internal Audit plan is due to be presented for approval at the next Audit Committee meeting and progress on non-discretionary elements of the provisional plan is incorporated in Appendix 1 below. The 2023/24 Annual Internal Audit report findings will be factored into the development of the 2024/25 Plan.

The progress of each audit has been risk assessed and a RAG rating added showing an assessment of internal audit progress using the following definitions:

Risk Assessment		Definition
Green		<b>On track or complete</b>
Amber		<b>In progress with minor delay</b>
Red		<b>Not on track (reason to be provided)</b>

Resources to deliver the Annual Internal Audit Plan are provided by the NHS Tayside Internal Audit (FTF Internal Audit Consortium) and Angus Council Internal Audit Services.

Appendix 1 sets out progress on the 2023/24 Annual Internal Audit Plan as well as the 2024/25 Plan. An equivalent report will be produced routinely for all Audit Committee meetings.

### 3. CURRENT POSITION

The 2023/24 Annual Internal Audit Plan was agreed at the August 2023 meeting. Progress is incorporated in Appendix 1 and updates since the last Audit Committee are summarised below:

- Internal Control Evaluation (AN05/24)
  - Complete - see separate agenda item

Progress on non-discretionary elements of the provisional 2024/25 plan is also incorporated in Appendix 1 below:

- Audit Planning (AN01/25)
  - Ongoing
- Audit Management (AN02/25)
  - Ongoing
- Annual Internal Audit Report 2023/43 (AN03/25):
  - Draft - see separate agenda item

So that all parts of the system receive appropriate information on the adequacy and effectiveness of internal control relevant to them, including controls operated by other bodies which impact on their control environment, an output sharing protocol was developed and approved by all partners' respective Audit and Risk Committees. This covers the need to share internal audit outputs beyond the organisation that commissioned the work, in particular where the outputs are considered relevant for assurance purposes. The following reports are considered relevant and are summarised here for information. It should be noted that the respective Audit and Risk Committees of the partners are responsible for scrutiny of implementation of actions.

#### **NHS Tayside reports:**

<b>Report Description</b>	<b>Assurance</b>	<b>Key findings</b>
T10/23 – Public Health Governance	Limited assurance	<p>We concluded that whilst there is evidence to demonstrate that the Public Health Directorate and Committee have achieved much in recent years, there are significant and increasing expectations on public health as a key driver to support the delivery of sustainable health services, now and into the future. The report included recommendations to ensure that Public Health objectives are clearly articulated, there is clear visibility of the population health risk within the organisation, development of the public health performance framework and for the Public Health Committee's assurance reporting to mature. The management responses show work is already in progress in a number of these areas and provided details of plans going forward.</p> <p>The full report can be accessed on page 277 here: <a href="https://idcplg.scot.nhs.uk">idcplg (scot.nhs.uk)</a></p>
T33/23 – Departmental Review: Property Dept – Facilities Directorate	Reasonable Assurance	<p>The key findings from the review are summarised as follows.</p> <p><u>Property and Asset Management</u></p> <p>The Property and Asset Management Strategy (PAMS) does not reflect the current changed environment following the end of the pandemic, nor the materially different financial landscape. The recent shift to Whole System Planning is an opportunity for the Board to move on from previously intractable issues, to learn the lessons from the past and to ensure that the new approach is, from the very start, informed by senior clinical and service leads.</p>

		<p>Implementation of property and asset strategy is a complex area that needs to be service-led and the continued lack of engagement from senior clinical and service leads presents a risk to success.</p> <p>The process to prioritise projects could be improved through better clinical and service involvement. The Asset Management Group is currently considering all Strategic Assessments and other proposals without a filtering mechanism to screen out any projects that are not viable, a role previously fulfilled by the Strategic Assessment Review Group, which itself had challenges in securing adequate and appropriate senior clinical and service level membership and engagement.</p> <p>In response to the report findings, the Director of Facilities is reviewing the current arrangements for the Service Planning Group and, in collaboration with Head of Corporate Governance, is to extend the group remit of the Asset Management Group. A key function of this group is the development and review of an annual workplan. This plan will include the principal objectives and deliverables related to asset management including financial outcomes.</p> <p>The Property and Finance teams will work together to update the SFIs, and the Capital Approvals Process and Business Case Guide will be reviewed to reflect the requirements of DL (2024)02. These will be assessed by the AMG and formally approved as part of Code of Corporate Governance updates to the Board and Audit and Risk Committee.</p> <p><u>Environmental Management</u></p> <p>NHS Tayside have put in place a framework of governance and reporting which should allow the Board to receive the required assurances on compliance with DL (2021) 38 - A Policy for NHS Scotland on the Global Climate Emergency and Sustainable Development. Resourcing, in particular financial, is a key risk and it is recommended early work is undertaken to quantify the projected costs, and any potential savings in delivering the DL requirements.</p> <p>In response, management advised that given the scale of the task ahead due to the dispersed and complex infrastructure of the NHS Tayside estate, timeframe for delivery of net zero and recent announcements by the Scottish Government regarding changes to national target completion dates, we do not anticipate that fully costed compliance projections will be available before April 2026.</p> <p>As report T33/23 was graded reasonable assurance, in accordance with the agreed Reporting Protocol, NHS Tayside Audit &amp; Risk Committee receives a summary of the report findings.</p>
<p>T30/23 Interim report - Missing Clinical Psychology Case Records – Follow up review</p>	<p>N/A – review completed at request of Management</p>	<p>This audit concluded on whether:</p> <ul style="list-style-type: none"> <li>• Actions taken to address the recommendations within internal audit report T29/22 - Missing Clinical Psychology Records have alleviated the identified control risks.</li> <li>• The Oversight Group is operating in line with its Terms of Reference, specifically ensuring that the recommendations from both the internal audit report and ICO report are addressed.</li> </ul> <p>The full report can be accessed on page 310 here:  <a href="https://idcplg.scot.nhs.uk">idcplg (scot.nhs.uk)</a></p>

T24/24 NHS Scotland National Payroll System – ePayroll updates	Substantial	<p>This audit substantively tested changes to national payroll masterfiles, specifically changes to pay scales, paybands and allowance/deduction codes amendments and considered whether amendments to the pay scale/band masterfile were as notified in the update letters and whether amendments processed had been authorised.</p> <p>Audit testing confirmed that all amendments to the pay scale/band masterfile were as notified in the update letters and all amendments processed had been appropriately authorised.</p> <p>As report T24/24 was graded substantial assurance, in accordance with the agreed Reporting Protocol, NHS Tayside Audit &amp; Risk Committee receives a summary of the report findings.</p>
--	-------------	--

**Angus Council reports (As per Internal Audit Activity Update to Angus Council Scrutiny & Audit Committee 23 April 2024 and 13 June 2024):**

Report Description	Assurance	Key findings
Continuous Auditing – Payroll	Substantial Assurance	Two missing NI numbers were identified in February and March; Payroll contacted the employees to obtain the relevant NI numbers. The reason for this has now been identified as an issue in the digital recruitment process which has been resolved. For March 2024, one overpayment error was identified in the top 10 payments; this was highlighted to Payroll, who will commence action to reclaim the overpayment.
Continuous Auditing – Creditors Duplicate Payment	Substantial Assurance	For the period December 2023 to March 2024, five duplicate payments were identified totalling £14,256.30. Recovery action has been taken in all cases. Discussion is on-going with the service to identify improvements to help prevent duplicate payments in future.
Continuous Auditing –IT systems access	Substantial Assurance	IT provided Internal Audit with reports detailing accounts which have never been logged on and accounts that had not been logged on in the past 21 days. Review of these reports could provide a potential saving to the Council if licences for Office 365 for inactive accounts can be re-used for other staff. Additionally, if idle accounts are not disabled there is a risk that these could be accessed without authority. The “Never Logged On” report showed 366 accounts, of which 12 had been disabled but the account was not deleted. The remainder will be reviewed and either disabled or deleted. The “Not Logged On for 21 Days” report listed 712 active accounts which had not been accessed since before 1 May 2024. 362 were not reviewed as these were assessed as relating to posts where access to systems is not part of their normal duties. 30 were found to relate to posts which are still current and require no further action. The remaining 220 relate to leavers, school staff, students, Tayside Health Board, contractors, external and other accounts (e.g. where the account was no longer in use as the person had changed their name or role). Details of these have been passed to IT for review and should be disabled/deleted as appropriate.
Risk management	Limited Assurance	Corporate risk management, including the Risk Management Strategy and risk register, has been in place for some time and is better established than service risk management. Slow progress has been made in implementing identified actions to strengthen corporate risk management, progress service risk management, and fully

		implement the agreed strategy. Responsibility for risk identification, assessment and management sits across the whole organisation. Services and risk owners need to pay more consistent attention to ensure progress is made at a faster pace.
IT Business Continuity	Limited Assurance	<p>Areas Identified for Improvement:</p> <p><u>Priority 2</u></p> <ul style="list-style-type: none"> <li>• Business Impact Assessments (BIAs) should be undertaken by the Digital Enablement and IT Service to ensure that there is a detailed understanding of the service's critical business activities. This is a key element in supporting the development of business continuity plans.</li> <li>• Business Continuity Plans (BCPs) for services should be renewed and be based upon the outcomes of Business Impact Assessments. A process should be developed to ensure that the plans are aligned to the requirements of the wider council and to ensure that they are subject to at least annual review.</li> <li>• A risk-based programme of testing should be developed for business continuity plans. This testing should assess the resilience, continuity and recovery arrangements to validate the effectiveness of BCP processes. Different types of testing should be considered to confirm the robustness of BCPs.</li> </ul> <p><u>Priority 3</u></p> <ul style="list-style-type: none"> <li>• Lessons Learned should be documented as part of testing and live incidents to understand strengths, gaps and areas for improvements in BCPs and response activities. The actions arising from these reports should be documented and tracked.</li> </ul> <p><u>Priority 4</u></p> <ul style="list-style-type: none"> <li>• The Actions Arising logs should be reviewed and updated to ensure that all information is recorded. The logs should be subject to regular review to confirm tasks are being addressed as expected.</li> </ul> <p><u>Wider learning points</u></p> <ul style="list-style-type: none"> <li>• The above issues, whilst specific to the Digital Enablement &amp; IT service, could exist in other services. Management should ensure that BIAs are performed and are used as the basis for identifying critical business activities. The quality of this process is vital as BIAs provide the basis for determining those services/activities where BCPs are necessary.</li> <li>• The review also highlights the importance of testing of BCPs. There has not been a formal test of BCPs for several years. These are important in assessing whether the BCPs that have been developed are capable of supporting an organised and coherent response to a business disruption</li> </ul>

**Other Tayside IJB reports:**

No applicable reports at this time.

**4. FINANCIAL IMPLICATIONS**

There are no direct financial implications.

**5. RISK**

The internal audit planning process which produces the Annual Internal Audit Plan takes into account the risk profile of the IJB. Individual internal audit assignments identify the key risks at the planning stage and our work is designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified. Legislative requirements are a core consideration in planning all internal audit reviews.

**6. OTHER IMPLICATIONS (IF APPLICABLE)**

N/A

**7. EQUALITY IMPACT ASSESSMENT**







An Equality Impact Assessment is not required.

All internal audit reviews which involve review of policies and procedures will examine the way in which equality and diversity is incorporated within documentation.




**REPORT AUTHOR: Mrs J Lyall, BAcc (Hons.), CPFA, Chief Internal Auditor**  
**E-mail details: Jocelyn.lyall2@nhs.scot**

List of Appendices: Appendix 1 – Internal Audit Progress Report

Appendix 1

Ref	Audit	Indicative Scope	Target Committee	Audit	RAG status Of Internal Audit Progress	Planning stage	Fieldwork stage	Draft report stage	Complete	Opinion
<b>2023/24</b>										
<b>AN01-24</b>	Audit Planning	Agreeing audit universe and preparation of strategic plan.	June 2023 August 2023			✓	✓	✓	✓	N/A
<b>AN02-24</b>	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer and attendance at Audit Committee.	Complete			✓	✓	✓	✓	N/A
<b>AN03-24</b>	Annual Internal Audit Report (2022/23)	CIA's annual assurance statement to the IJB and review of governance self-assessment.	June 2023			✓	✓	✓	✓	N/A
<b>AN04-24</b>	Governance & Assurance	Ad hoc advice and support to management on matters of governance and assurance.	April 2023			✓	✓	✓	✓	N/A
<b>AN05-24</b>	Internal Control Evaluation	Holistic assessment of the internal control environment in preparation for production of 2023/24 Annual Report.  Follow-up of previous agreed governance actions including Internal Audit recommendations.	April 2024 June 2024 (Fieldwork target Jan-March 24)			✓	✓	✓	✓	N/A
<b>AN06-24</b>	Follow up of Internal Audit AN05-21 – Charging for Services Process	Review of progress to address recommendations from internal audit consultancy work reported in AN05/21, covering management of charging processes for Adult Social Care Services.	April 2024 (Fieldwork target Jan-Feb 24)			✓	✓	✓	✓	Substantial assurance

Appendix 1

Ref	Audit	Indicative Scope	Target Committee	Audit	RAG status Of Internal Audit Progress	Planning stage	Work in Progress	Draft Issued	Complete	Grade
<b>2024/25</b>										
<b>AN01-25</b>	Audit Planning	Agreeing audit universe and preparation of strategic plan.	August 2024			✓	✓			
<b>AN02-25</b>	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer and attendance at Audit Committee.	Ongoing			✓	✓			
<b>AN03-25</b>	Annual Internal Audit Report (2023/24)	CIA's annual assurance statement to the IJB and review of governance self-assessment.	June 2023			✓	✓	✓	Management responses to be agreed	<b>N/A</b>