



ANGUS INTEGRATION JOINT BOARD AUDIT COMMITTEE – 26 JUNE 2024

2023/24 ANNUAL INTERNAL AUDIT REPORT

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

To present the draft Annual Internal Audit Report as produced by Angus IJB's Internal Auditors. This report includes the outcomes of the Internal Audit Internal Control Evaluation exercise undertaken as part of the 2023/24 Internal Audit plan.

1. RECOMMENDATIONS

It is recommended that the IJB Audit Committee:-

- (i) Reviews and accepts this report and associated appendix in the context of evaluating the internal control environment for 2023/24 and consider the issues raised in this report.
- (ii) Notes that the IJB's Executive Management Team will determine a series of Management Responses to all Action Points highlighted in the report.
- (iii) Notes that a finalised version of this report will be submitted to the next IJB Audit Committee.

2. BACKGROUND AND ASSESSMENT

Appendix 1 is the IJB's Internal Auditor's draft 2023/24 Annual Internal Audit Report. This report includes the output of the Internal Control Evaluation exercise undertaken for 2023/24. This is a document that is produced annually to provide the IJB Audit Committee with an independent view of the overall adequacy and effectiveness of the framework of governance, risk management and control within the IJB. In turn this informs the compilation of the IJB's draft Annual Governance Statement – part of the IJB's Annual Accounts (separately reported to June 2024 IJB Audit Committee), noting this report is made available to the IJB's External Auditors.

As part of the 2023/24 Annual Internal Audit Plan – as described in report 61/23 to the August 2023 Audit Committee – the IJB's Internal Auditors have undertaken an Internal Control Evaluation exercise. The output of this is captured in this report and informs the Annual Internal Audit reporting. Much of the fieldwork for the Internal Control Evaluation elements of the appendix was undertaken earlier in 2024 and this is reflected in observations and commentary.

The IJB Audit Committee is asked to note the evaluations of the internal control environment and the main conclusions made by Angus IJB's Chief Internal Auditor (see "Governance Statement and Conclusion" sections of the report) which are as follows: -

1. *As Chief Internal Auditor, this Annual Internal Audit Report to the IJB provides my opinion on the IJB's internal control framework for the financial year 2023/24.*
2. *Based on the work undertaken, I have concluded that reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2022/23.*
3. *In addition, I have not advised management of any concerns around the following:*

- *Consistency of the Governance Statement with information that we are aware of from our work;*
- *The format and content of the Governance Statement in relation to the relevant guidance;*
- *The disclosure of all relevant issues.*

This conclusion will be reflected in the IJB's draft Governance Statement submitted to the June 2024 IJB Audit Committee.

In reviewing this draft report, the IJB Audit Committee will note that there are a series of four Action Points recommended by the IJB's Internal Auditors. These four Action Points have all been classed as having a "moderate" assessment. i.e. there are "Weaknesses in design or implementation of controls which contribute to risk mitigation" and this "Requires action to avoid exposure to moderate risks to achieving the objectives for area under review."

Prior to the next Audit Committee, the IJB's Executive Management Team will review these Action Points and determine a series of "Management Responses". An update on the "Management Responses" that have been agreed with the IJB's Internal Auditors will be shared with Audit Committee members with an expectation that this will happen in advance of the next Audit Committee meeting.

These "Management responses" to Action Points will be captured into a finalised version of the IJB's Annual Internal Audit Report and shared at the next IJB Audit Committee.

In due course, responses to Action Points will be followed up by the IJB's Executive Management Team and relevant Lead Officers. Progress towards responding to any actions will then be reported back to future IJB Audit Committees.

Separately, Audit Committee members should note that the IJB's Internal Auditors have reviewed the assessment of progress the IJB has made with respect to some previous 2022/23 audit recommendations. This is reflected in the attached report. The IJB will follow up on all instances where the IJB's Internal Auditors have provided commentary regarding progress with previous recommendations.

The environment in which the IJB seeks to progress governance improvements (rather than maintain current governance arrangements) continues to be a challenging one. This is reflective of the complexities the IJB is managing (e.g. resource challenges – financial and workforce) and the complex operating environment of the IJB – noting the close relationship with both Angus Council and NHS Tayside. These factors do impact on progress with governance improvements and this has been evident in reporting to the Audit Committee. While the IJB is committed to ensuring the resources to address governance improvement are in place, there are also ongoing capacity constraints across the wider system and this can impact on the ability to make some governance improvements.

3. CONCLUSION

The IJB's Audit Committee is required to review this draft Annual Internal Audit Report and consider the issues raised in this report.

4. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required.

REPORT AUTHOR: Alexander Berry, Chief Finance Officer
EMAIL DETAILS: tay.angushscp@nhs.scot

List of Appendices: Appendix 1: 2023/24 Annual Internal Audit Report