

Forth Valley IJBs

Internal Audit Joint Working and Reporting Protocol

1. INTRODUCTION

- 1.1 An internal audit charter has been agreed separately to define internal audit's purpose, authority, responsibility and position.
- 1.2 This paper is intended to provide the protocol by which Internal Audit will conduct their work during the year including planning, conducting and reporting on audit assignments. It clarifies the roles and responsibilities of all relevant parties, including the IJB Chief Internal Auditor, partner body internal audit teams and the officer designated by the Chief Accountable Officer as being responsible for liaising with Internal Audit regarding each individual audit assignment (hereafter referred to as the Responding Officer).
- 1.3 In order that all parts of the system receive appropriate information on the adequacy and effectiveness of internal control within their purview, including controls operated by other bodies which impact on their control environment, this protocol also covers the need to share internal audit outputs beyond the organisation that commissioned the work. This will apply for all internal audit output (e.g. internal audit reports, follow-up reports, internal audit plans and internal audit annual report / opinion).

2. Audit planning- annual

- 2.1 The Annual Internal Audit Plan details the audit reviews to be carried out for the financial year ahead and will usually be presented by the Chief Internal Auditor to the Audit & Risk Committee for approval by end September, following consultation between the parties' Internal Audit Teams. Prior to finalising their audit plans, the Chief Internal Auditors of the Local Authorities and Health Board will meet to ensure that the Internal Audit plans of the three parties provide appropriate coverage of functions delegated to the IJB.
- 2.2 Once the audit plan is agreed, the three Internal Audit teams will agree audits to be assigned to either the Health Board or Local Authority Internal Audit teams to lead, or, where appropriate, audits will be conducted jointly by both Internal Audit teams. The Audit & Risk Committee date for the final report to be presented to will also be agreed.
- 2.3 IRAG guidance states that '*The risk based audit plan should be developed by the Chief Internal Auditor of the Integration Joint Board and approved by the Integration Joint Board or other committee (see 2.6 Audit Committees). It is recommended that it is shared with the relevant committees of the Health Board and Local Authority.*' This principle is agreed and the approved IJB annual internal audit plans will be shared with the relevant committees of NHS Forth Valley and the Forth Valley Local Authorities.
- 2.4 Given that the IJBs are reliant on assurances provided by the parties on their systems and also to ensure that plans can be seen to be coherent over the whole system, the Internal Audit plans of the Health Board and Local Authorities will also be presented to the IJB Audit & Risk Committee for noting. This will provide the Audit & Risk Committee, whilst respecting the primacy of the organisation for whom the report is prepared, with the opportunity to identify any relevant audits from another body which they may wish to receive assurance from, and highlight any areas where they might wish to ensure that particular issues, relevant to their IJB are taken into account.

- 2.5 At the beginning of each audit year, and on an ongoing basis, the respective internal auditors, taking into account the views of the IJB Chief Officer, IJB Chief Internal Auditor and IJB Audit & Risk Committee, will review their audit plans to identify any audits of the parent bodies (NHS Forth Valley and relevant Local Authorities) that may be of relevance to the IJB. For these audits, summaries of the final reports, or relevant issues from within those reports, will be presented to the IJB Audit & Risk Committee.
- 2.6 If, for any other completed audits across any of the Forth Valley partnerships' bodies, the auditor believes there may be issues which impact on the IJB control environment, the IJB Chief Internal Auditor will be notified so that arrangements can be made to report the relevant findings to the IJB Audit & Risk Committee.
- 2.7 The final audit reports issued shall follow the normal reporting routes established for internal audit reports within the parent bodies; this shall include being presented to their respective Audit & Risk Committees. The parent body Audit & Risk Committee shall be advised if the report, or any part thereof, is to be shared with the IJB Audit & Risk Committee.
- 2.8 When either an NHS Forth Valley or a relevant Local Authority final internal audit report has been identified as relevant to the IJB, the audit report shall be presented in summary at the next meeting of the IJB Audit & Risk Committee. These summary reports shall also be shared between NHS Forth Valley and the relevant Local Authority internal audit services.

3. Planning individual assignments

- 3.1 Prior to the commencement of the audit, the Chief Accountable Officer and Chief Finance Officer will be contacted to ascertain the appropriate Responding Officer for the review being undertaken. The Responding Officer will be responsible for agreeing the key risks relevant to the audit and reviewing the Assignment Terms of Reference and will later be responsible for agreeing the draft report, including the provision of the management response to the action plan.
- 3.2 The draft Assignment Terms of Reference for each audit will be prepared by the team leading the audit, in the a format identified by of the IJB CIA , for approval by the Lead Chief Internal Auditor.
- 3.3 The Assignment Terms of Reference will then be agreed with the Chief Officer or Chief Finance Officer and the nominated Responding Officer prior to the commencement of the audit.
- 3.4 The Chief Officers will also identify any partner body officers who should be consulted as part of the audit. The Assignment Terms of Reference will be shared with these individuals for information/comment before final approval by the Responding Officer(s).
- 3.5 The finalised Assignment Terms of Reference will be issued to all relevant parties, including the Chief Accountable Officer, the Chief Finance Officer and the Responding Officer(s). The Assignment Terms of Reference will be issued in advance of the assignment and include the indicative timing of the audit.

4. Audit Assignment fieldwork

4.1 Assignments will be conducted in accordance with the normal audit approach adopted by the allocated internal audit team, including appropriate quality assurance processes. An exit meeting to discuss findings with staff including the Responding Officer will be arranged prior to preparation of the draft report as required.

5. Audit reports

5.1 The IJB CIA will designate a template for audit reports. Any request for changes to this format by IJB management or members will be taken into consideration. The Internal Audit team leading the assignment will produce a draft report, or, in the case of jointly conducted audits, relevant staff from both Internal Audit teams will liaise to compile a joint draft report. The draft will be reviewed by the Lead Chief Internal Auditor, prior to formal issue to the client.

5.2 All draft reports will be issued to the relevant Responding Officer(s) for agreement regarding the accuracy of the findings and consideration of the audit opinion and the recommendations detailed in the Action Plan appended to the draft report.

5.3 The target date for issue of the draft and final report will be in line with timescales governing the target Audit & Risk Committee meeting as detailed in the Assignment Terms of Reference.

5.4 Opportunity will be given to the Responding Officer to discuss any issues with the auditors prior to submission of the written management response for inclusion in the final report. Any officers of the partner bodies named under Para 2.5 will receive a copy of the draft report and be given the opportunity to comment in time for their contribution to be taken into account by the Responding Officer.

5.5 The Responding Officer(s) should provide a formal response detailing agreement or otherwise regarding all recommendations included in the Action Plan, together with any related comments, details of the responsible officer for actions and a timescale for implementation of the proposed action.

5.6 It is the responsibility of the Responding Officer(s) to ensure that the response accurately reflects the official position of the Integration Joint Board and takes into account comments received from partner officers. They should also ensure that the proposed action and timescale for completion is appropriate to the risk and is achievable. The target deadline for this stage will be intimated on issuing the draft report and be based on a 2 week deadline.

5.7 The finalisation process for audit reports will be undertaken by the Internal Audit team which issued the draft report and include follow up of any late replies and discussion with the Responding Officer(s) regarding any 'disagreed' recommendations including the underlying reasons, clarification of any management comments which do not appear to fully address the recommendation made and clarification of any timescales which appear overly extended.

5.8 In the event of a failure to receive a suitable response from the Responding Officer within the required timescale, or to reach agreement on a fundamental recommendation, the matter will be referred to the Chief Finance Officer. Any residual risk associated with not agreeing to implement a recommendation should be clearly communicated to management.

5.9 Where assignments are conducted jointly by both Internal Audit teams, the finalisation process will include appropriate liaison between both teams.

5.10 Following management responses as above, the Chief Internal Auditor will review all draft final reports prior to issue to the Chief Officer. Once agreed, final reports will

then be issued by the Chief Internal Auditor to the distribution list shown at the front of the report, agreed as part of the finalisation process, including as a minimum IJB Members, the Chief Officer, the Chief Finance Officer, the Responding Officer, named partner body officers, External Audit and any officers responsible for implementing agreed actions.

- 5.11 The full report will be presented to the next Audit & Risk Committee, together with a report showing progress against the agreed Annual Internal Audit Plan.
- 5.12 The full final report for each audit assignment will be presented to the IJB Audit & Risk Committee for scrutiny purposes, with a full copy available to all IJB members on request. A summary of the report shall also be shared with the NHS Forth Valley and relevant Council Audit & Risk Committees. The sequence will depend on the timing of the meetings.
- 5.13 Each Internal Audit team will keep the Chief Internal Auditor updated on progress on their assigned audits, notifying him immediately where any audits are likely to exceed their agreed date. Progress on delivering the Internal Audit Plan will be reported to each Audit & Risk Committee. The Chief Internal Auditor will maintain regular contact with the Chief Finance Officer to discuss progress.

6. Annual Internal Audit reports

- 6.1 The principal report to be produced by Internal Audit will be the Annual Internal Audit Report for each audit year. This needs to be prepared in time for submission to the Audit & Risk Committee in June. The Annual Internal Audit Report should contain:
 - ✧ An opinion on whether:
 - ✧ Subject to any issues highlighted in the Governance Statement, reliance can be placed on the IJBs governance arrangements and systems of internal controls for the year
 - ✧ Any concerns over 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.
 - ✧ comment on the key elements of the control environment
 - ✧ analysis of any changes in control requirements during the year
 - ✧ make recommendations on any gaps identified in the control environment
- 6.2 IRAG guidance states that '*It is recommended that the Integration Joint Board annual internal audit report is shared with the partner Health Board and Local Authority through the reporting arrangements in those bodies for internal audit.*' The IJB Chief Internal Auditor shall prepare an IJB Internal Audit Annual Report and opinion and in accordance with IRAG guidance, it will be shared with the parent bodies and reported through their own internal audit reporting procedures. Again, this principle will be extended and reciprocated so that Local Authority and Health Board Annual Internal Audit Reports are presented to the IJB Audit & Risk Committee for noting as part of the overall assurance portfolio in support of the governance statement.
- 6.3 Each IJB has put in place Audit Follow Up processes reporting to their Audit & Risk Committee on progress against previous audit recommendations. Each year, Internal Audit will set aside time to for detailed testing of a sample of responses to confirm accuracy.

6.4 To ensure coordination of work, a timeline for standard output during the audit year is included below:

April	May	June	Dec	Feb
<p>Deadline for receipt of completed governance checklists.</p> <p>Follow up of previous audit recommendations</p>	<p>Issue draft Annual IA report.</p> <p>Preparation of audit plan for following year including meetings with CO and CFOs</p>	<p>Present IA Annual reports to Audit & Risk Committee</p> <p>Approval of IJB Audit Plan</p>	<p>Review and agree governance checklists</p>	<p>Issue governance checklists to CFOs for completion</p> <p>CIA's meet and discuss planning process and agree available days.</p>
<p>Ongoing:</p> <p>Audit assignments and reporting</p> <p>Ongoing ad hoc governance advice</p> <p>IA progress reports to the Audit & Risk Committee</p>				

Last reviewed: November 2020

Next Review Date: April 2021