



## **AUDIT & PERFORMANCE COMMITTEE**

**26 September 2022**

### **INTERNAL AUDIT STRATEGY & PLAN 2022/23**

**Report by Chief Internal Auditor  
(Report No. G/22/146)**

#### **PURPOSE OF REPORT**

The purpose of this report is to seek approval of the Annual Internal Audit Plan for Perth & Kinross Integration Joint Board for 2022/23.

#### **1. BACKGROUND**

Internal Audit, as defined in the Public Sector Internal Audit Standards (PSIAS), is an independent, objective assurance and consulting activity designed to add value and improve the effectiveness of an organisation's operations. It helps the Integration Joint Board (IJB) to accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes.

The PSIAS require the Chief Internal Auditor to prepare a risk based Internal Audit Plan (the Plan) setting out the team's annual work programme. The Plan should take account of the IJB's objectives, risk and performance management arrangements.

As stated in the Scottish Government's Integrated Resources Advisory Group (IRAG) guidance, it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. Perth & Kinross Council's Chief Internal Auditor was appointed as Chief Internal Auditor for the IJB in July 2020.

Resources to deliver the plan will be provided by the Perth & Kinross Council and NHS Tayside Internal Audit services. A total of 40 days have been included in the 2022/23 Internal Audit Plans of the statutory partners.

## **2. APPROACH**

The strategy for Internal Audit is to deliver a risk based Internal Audit service by designing planned activity around the key risks to the IJB achieving its objectives. Internal Audit also aims to add value to the organisation by ensuring that there is appropriate and enabling risk management, governance and controls in place.

In order to ensure compliance with the PSIAS requirement of undertaking an annual risk assessment, a review of the arrangements which have been put in place for the identification and assessment of risks has been undertaken. In addition, evidence provided to support the Annual Governance Statement, submissions to the Ministerial Steering Group and the response to the outcomes from the external inspection have been taken into consideration.

A mapping exercise was undertaken comparing Internal Audit activity for the IJB with the most recently considered Risk Register. This was also considered in line with the strategic priorities of the Integration Joint Board. The review highlighted areas for consideration for inclusion within the Plan and discussions subsequently took place with the Chief Officer and Head of Finance and Corporate Support to arrive at an achievable Plan for the current year, with potential areas highlighted for timing in future Internal Audit plans. Of the 12 Strategic Risks highlighted to the Audit & Performance Committee in February 2022, 10 were highlighted as Priority 1. Of these, recent audit activity has been undertaken in 4 areas, relating to Strategic Risks 1 – Financial Resources; 6 – Viability of External Providers (specific to the COVID-19 response); 9 Corporate Support; and 10 Primary Care. The wider risks around the viability and sustainability of commissioner service providers (Strategic Risk 6) along with Strategic Risk 8, Leadership Team Capacity and Strategic Risk 12, Partnership Premises and was highlighted for further review within the proposed Audit Plan for 2022/23.

The Plan also takes account of the assurances which can be provided to the IJB based on work performed under the Internal Audit plans of both Perth & Kinross Council and NHS Tayside, once approved.

## **3. PLANNED INTERNAL AUDIT ACTIVITY**

The Audit Plan is designed to provide the Chief Internal Auditor with sufficient evidence to form an opinion on the adequacy and effectiveness of internal controls. The Plan for 2022/23 has been designed to target the priority issues and risks identified during the course of the review outlined in section 2 above.

In addition to the specific assignments, resources will be allocated to undertake the planning and management of the Internal Audit service, along with supporting the work of the Audit & Performance Committee of the IJB. This will include the provision of the Annual Report, as required by PSIAS, and ensuring the adequacy of the implementation of agreed audit actions.

One assignment from the 2021/22 Internal Audit Plan has been completed but has yet to be reported, PKIJB 22-02 Primary Care. This audit is a pan-Tayside review and the report is out for consultation with all IJBs and NHS Tayside. The outcomes will be reported to this Committee as soon as possible.

The year 2021/22 saw the departure of the Chief Officer and the interim appointment of a new Chief Officer, who has subsequently been appointed permanently to the role. As a result, the audit of Leadership Capacity was paused during the year. Discussions with the Chief Officer and the Head of Finance & Corporate Services have identified scope to include a consultancy review of Leadership Capacity within the audit plan for 2022/23. This is consistent with the role of Internal Audit within the PSIAS. In line with the approach in Perth & Kinross Council, where Internal Audit is undertaking a 'critical friend' role, detailed outcomes will not be communicated to the Audit & Performance Committee in a separate report. The Audit & Performance Committee will, however, be informed of the work undertaken and of any high-level outcomes as appropriate. This work also feeds into the cumulative audit knowledge and experience, which helps to shape the understanding of the control environment for future internal audit planning exercises.

The following specific assignments have been highlighted for review during the year:

Reference	Title	Indicative Scope
PKIJB 22-01	Leadership Capacity	To act as 'critical friend' for the Chief Officer in the review of leadership capacity.
PKIJB 22-02	Sustainability of commissioned service providers	To review the sustainability of commissioned service providers.
PKIJB 22-03	Premises and Property	To provide assurance over the risks arising from premises and property which support the delivery of services on behalf of the IJB.

Work to deliver the Plan will be undertaken through a Joint Working Protocol agreed by the Chief Internal Auditors of both statutory partners.

#### **4. RECOMMENDATION**

The Audit & Performance Committee is asked to approve the Internal Audit Strategy and Plan for 2022/23.

#### **5. CONSULTATION**

The Chief Officer and Head of Finance and Corporate Resources have been consulted on the content of this paper.

**Author(s)**

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**APPENDICES**

1. Internal Audit Plan