



Item No. 7

Meeting Date Wednesday 14th June 2023

**Glasgow City
Integration Joint Board
Finance, Audit and Scrutiny Committee**

Report By: Chief Internal Auditor for the Integration Joint Board

Contact: Duncan Black

Tel: 0141 287 4053

Chief Internal Auditor's Annual Report 2022/23

Purpose of Report:	To present to the IJB Finance, Audit and Scrutiny Committee the Chief Internal Auditor's Annual Report for 2022/23.
Background/Engagement:	The Integration Joint Board is required to comply with Article 7 of the Local Authority Accounts (Scotland) Regulations 2014. The regulations requires a local authority to operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.
Governance Route:	<p>The matters contained within this paper have been previously considered by the following group(s) as part of its development.</p> <p>HSCP Senior Management Team <input type="checkbox"/></p> <p>Council Corporate Management Team <input type="checkbox"/></p> <p>Health Board Corporate Management Team <input type="checkbox"/></p> <p>Council Committee <input type="checkbox"/></p> <p>Update requested by IJB <input type="checkbox"/></p> <p>Other <input type="checkbox"/></p> <p>Not Applicable <input checked="" type="checkbox"/></p>
Recommendations:	<p>The IJB Finance, Audit and Scrutiny Committee is asked to:</p> <p>a) Note the report.</p>

OFFICIAL

Relevance to Integration Joint Board Strategic Plan:

To provide assurance on various aspects of the Strategic Plan.

Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome:	N/A
Personnel:	None arising from this report
Carers:	None arising from this report
Provider Organisations:	None arising from this report
Equalities:	None arising from this report
Fairer Scotland Compliance:	None arising from this report
Financial:	None arising from this report
Legal:	The IJB will be compliant with: - The Integrated Resource Advisory Group guidance in relation to audit provision. - The Local Authority Accounts (Scotland) Regulations 2014
Economic Impact:	None arising from this report
Sustainability:	None arising from this report
Sustainable Procurement and Article 19:	None arising from this report
Risk Implications:	None arising from this report
Implications for Glasgow City Council:	The internal auditors of the Council will continue to report to the Council on operational matters relating to Social Care services in the first instance.
Implications for NHS Greater Glasgow & Clyde:	The current internal auditors of NHSGG&C will continue to report to the NHS Board on operational matters relating to NHS services in the first instance.

OFFICIAL

1. Introduction

- 1.1 The Local Authority Accounts (Scotland) Regulations 2014 require the effectiveness of the system of internal control to be reviewed annually and the Committee to assess the efficiency and effectiveness of the Internal Audit function. The Regulations also require an Annual Governance Statement to be approved.
- 1.2 The objective of this report is to provide a review of the performance of Internal Audit for the year 2022/23 and to give an opinion on the adequacy of the Glasgow City Integration Joint Board's system of internal control.
- 1.3 Internal Audit is an independent appraisal function within Glasgow City Council (the Council), and the Head of Audit and Inspection was appointed as the Chief Auditor of the Glasgow City Integration Joint Board. The objectives of Internal Audit (taken from the Audit Charter) are to:
- examine and evaluate internal control systems and governance arrangement;
 - give assurances to Board Members and senior officials on the adequacy and robustness of these systems; and
 - assist Board Members, the Chief Officer and other officers of the Glasgow City Integration Joint Board in the effective discharge of their responsibilities.
- 1.4 The work of Internal Audit is based on an annual audit plan which is prepared after a risk assessment of all potential audit issues identified by Internal Audit, senior officers, the Chief Officer and the Chief Officer Finance and Resources and takes account of the work of the external auditor, previously Audit Scotland and now Deloitte.
- 1.5 Internal Audit adheres to standards and guidelines laid down by relevant bodies and professional institutions. In particular Internal Audit is required to comply with the Public Sector Internal Audit Standards (PSIAS) which have been adopted by the Relevant Internal Audit Standard Setters (RIASS). The RIASS includes, among others, HM Treasury, the Scottish Government and the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.6 The PSIAS include key principles that public sector Internal Audit functions must follow and cover a range of areas including governance, performance standards and reporting requirements. As part of the standards, Internal Audit is required to undertake annual self-assessments. The PSIAS also introduced a requirement for an external assessment of an organisation's Internal Audit function, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation. The 2022/23 self-assessment and external assessment undertaken in 2020/21 by Birmingham City Council have confirmed that Internal Audit conforms with the requirements of the PSIAS.

OFFICIAL

OFFICIAL

The Role of the Chief Auditor

- 1.7 The CIPFA guidance in relation to “The Role of the Head of Internal Audit in Public Service Organisations” is intended to provide best practice for Heads of Internal Audit to achieve.
- 1.8 The role of the Chief Auditor for the Glasgow City Integration Joint Board meets the principles set out in CIPFA’s statement.

Review of Internal Audit 2022/23

Resourcing

- 1.9 The Head of Audit and Inspection reviewed the current number of staff within Internal Audit and the skills of the team and has concluded that it is adequately resourced and has the necessary skills to carry out its function. Summary information for the Internal Audit team as a whole is provided in Table 1 below.

Table 1. GCC Group Audit Team – Establishment (as at 31st March 2023)

		2021/22	2022/23
1	Number of CCAB Qualified staff (FTE*)	18.25	16.68
2	Number of staff with a recognised Fraud Qualification (FTE)	7	5.5
3	Number of Trainees (FTE)	3	11
4	Training Days (incl professional qualification)	101.5	323.5
5	Training Days per Staff Member	3.6	9.8
6	Sickness absence per staff member (annual target 5 days)	5.4	1.8

* Full Time Equivalent

Performance

- 1.10 **Table 2. 2022/23 Internal Audit Annual Service Plan and Improvement Report (ASPIR) targets**

	ASPIR target	2022/23
1	Complete all required fieldwork to prepare the Annual Opinion	Complete
2	Maintain British Standards Institute ISO 9001:2015 accreditation	Compliant
3	Internal and External quality assessments against Public Sector Internal Audit Standards	Compliant

2. Audit plan management – Planned Assurance Work

- 2.1 During 2022/23 fieldwork for the following assurance reviews were completed, with a total of 35 days allocated:

OFFICIAL

- Compliance with policies and procedures
 - Workforce/succession planning arrangements.
- 2.2 There was one change to the Audit Plan presented to Committee in April 2022. The time set aside to provide assurance on the development of the National Care Service was deferred to future years.
- 2.3 The results of assurance audits undertaken at the Integration Joint Board are reported to the Finance, Audit and Scrutiny Committee and Internal Audit will undertake follow up work during 2023/24 to confirm implementation of the agreed recommendations. Committee will be provided with regular updates on this work.
- 2.4 An annual governance self assessment questionnaire has been completed by the Senior Management team within the Health and Social Care Partnership. This questionnaire enables the Senior Management team to assess compliance with a number of governance areas across the business such as strategic planning, leadership and integrity.

3. **2022/23 Audit issues**

- 3.1 Where the audit opinion arising from an audit states that the control environment has been assessed as unsatisfactory the concerns highlighted are reported here and in the Annual Governance Statement. In 2022/23 there were no unsatisfactory audit opinions issued.
- 3.2 The Glasgow City IJB commissions Glasgow City Council and NHS Greater Glasgow and Clyde to provide services on its behalf. As such, any significant governance issues reported in either the Council's or NHSGGCs Annual Governance Statement are considered for relevance to the Glasgow City Integration Joint Board. There was one area of relevance to the Integration Joint Board in relation to ongoing issues with Glasgow City Council's ICT arrangements which has resulted in a limitation to the annual opinion for the Glasgow City Council group. The improvements required in relation to ICT are outwith the control of the IJB/HSCP and are continuing to be progressed within Glasgow City Council.
- 3.3 Glasgow City Council also experienced a critical incident involving the SAP system, leaving this business critical ERP system unavailable for five weeks in January/February 2023. SAP is used to manage essential business processes including payroll, accounts payable/receivable, and financial ledger (management accounts). Although a GCC system it is used operationally by the HSCP therefore the outage of the system for five weeks had a significant impact.
- 3.4 During the outage, all Social Work Services staff managed to be paid, albeit some manual processes had to be put in place. There was also an impact on the ability to pay direct payments, carers payments etc, and manual process had to be put in place. Management accounts and outturn forecasts were also not completed during this time.

OFFICIAL

OFFICIAL

- 3.5 A full lessons learned report by the Council's ICT provider CGI was issued in May 2023 and Internal Audit is undertaking corroboration assurance work on the findings. Internal Audit is also currently working through the significant manual and business continuity activity that happened during the incident. The processes adopted and risk based approach observed to date appear reasonable. However, substantive testing on transactions by Internal Audit is ongoing due to the scale of the data.
- 3.6 There were no significant governance issues raised by the NHSGGC Internal Auditors in their Annual Report of relevance to the Glasgow City Integration Joint Board.

4. Opinion

- 4.1 The Glasgow City Integration Joint Board has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.
- 4.2 Based on the audit work undertaken, the assurances provided by the Chief Officers of the IJB, Executive Directors of Glasgow City Council Services, and the Senior Management Teams of services within NHS Greater Glasgow and Clyde, but excluding the issues noted above in section 3, it is the Chief Internal Auditor's opinion that reasonable assurance can be placed upon the control environment which operated during 2022/23 within the IJB.

5. Recommendations

- 5.1 The IJB Finance and Audit Committee is asked to:
- a) Note the content of the report