



PERTH AND KINROSS INTEGRATION JOINT BOARD

6 November 2015

APPOINTMENT OF INTERNAL AND EXTERNAL AUDITORS FOR 2015/16

Report by Chief Officer

PURPOSE OF REPORT

To consider the appointment of a Chief Internal Auditor to the Integration Joint Board (IJB) and to confirm Internal and External Audit arrangements for 2015/16.

1. BACKGROUND

1.1 The Scottish Government issued Finance Guidance for IJBs via the “Integrated Resources Advisory Group” (IRAG). That guidance states:-

“It is the responsibility of the Integration Joint Board 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. This will include determining who will provide the internal audit service for the Integration Joint Board and nominating a Chief Internal Auditor.”

The IJB is also required to comply with the article 7 of the Local Authority Accounts (Scotland) regulations 2014 which state:-

“A local authority must operate a professional and objective auditing service in accordance with recognised standards and practices in relation to internal auditing.”

2 INTERNAL AUDIT : CURRENT POSITION AND PROPOSED POSITION

2.1 NHS Tayside currently receive Internal Audit services from Fife, Tayside and Forth Valley Audit and Management Services (FTF) a consortium based service that provides Internal Audit services to NHS Fife, NHS Tayside, NHS Forth Valley, NHS Lanarkshire and NHS Health Scotland.

Tony Gaskin is the Chief Auditor for NHS Tayside. He is also the Head of Service for the FTF. Perth and Kinross Council’s Internal Audit Service provision is provided on an in house basis.

- 2.2 Previous discussion within the Senior Finance network had led to a view that FTF be recommended as the Internal Auditor for IJBs in Tayside. However it was subsequently recognised that any appointment of Internal Auditors needed to be agreed by the IJB after the IJBs formal constitution. This paper now recommends that FTF are approved by Perth and Kinross IJB to provide Internal Audit services for Perth and Kinross IJB for the following reasons:-
- FTF already provides input across a range of Health Board areas and are well placed to use their collective regional Internal Audit expertise.
 - Assuming FTF are engaged by all IJBs, then there will be a collective benefit of expertise gained by working consistently across Tayside IJBs and a consequent efficiency in meeting Internal Audit requirements.
- 2.3 This recommendation covers period 2015/16 initially. For 2015/16 NHS Tayside already has an Internal Audit plan agreed with FTF for Internal Audit activity for 2015/16. That plan includes a defined allowance for capacity regarding Health and Social Care Integration. Having discussed capacity issues with both NHS Tayside's Associate Director of Finance (Financial Services and Governance) and NHS Tayside's Chief Internal Auditor, it is proposed that some of NHS Tayside's Internal Audit capacity regarding Health and Social Care Integration in 2015/16 can be re-allocated to deliver the Internal Audit requirements of Tayside IJBs. This would mean at the outset there would be an expectation of a nil charge for Internal Audit Services for 2015/16 from FTF, assuming agreed actions can be delivered on a reasonably consistent basis and within expected timelines.
- 2.4 In order to achieve this there is an expectation that Local Authority Internal Audit services will provide appropriate and proportionate assistance with the 2015/16 work programme – in particular with regard to Strategic Planning and the production of a joint report regarding the Due Diligence process. For Perth and Kinross this has been discussed with Perth and Kinross Council's Head of Finance, Chief Internal Auditor and they indicated their willingness to provide support to FTF.
- 2.5 An early action for the appointed Internal Auditors will be to agree a high level service level agreement with the IJB and propose an IJB audit plan reflecting current risks for 2015/16. This is likely to cover issues such as Due Diligence, Strategic Planning, Governance structures and the production of an Annual report. Proposed Internal Audit plans will have to be approved by the IJB and would be shared with relevant Committees of NHS Tayside and Perth and Kinross Council.
- 2.6 Once an annual Internal Audit plan has been agreed, the Chief Internal Auditor will report on the delivery of the plan and any recommendations to the IJB. The Chief Internal Auditor will also provide an annual Internal Audit report. The annual report will also be shared with the relevant Committees of NHS Tayside and Perth and Kinross Council.

2.7 In early 2016, a further paper regarding future Internal Audit provision for period after March 2016 will be submitted to IJB. The eventual scale of any Internal Audit requirement will be dependent on governance structures and accountability frameworks.

2.8 This proposal has been discussed with NHS Tayside's Associate Director of Finance (Financial Services and Governance) and Perth and Kinross Head of Finance.

3 EXTERNAL AUDIT

3.1 The Accounts Commission confirmed on the 9 October 2015 that Audit Scotland have been appointed to conduct the audit of Perth and Kinross Integration Joint Board for 2015/16. The external auditors for future years will be confirmed following a tendering exercise for the next five year cycle. They anticipate the appointments of the auditors of the local authorities to the coterminous IJBs.

4 CONCLUSION AND RECOMMENDATIONS

4.1 It is recommended that the Integration Joint Board:-

1. Appoints Tony Gaskin (BSc, ACA), current Chief Internal Auditor of NHS Tayside, as the Chief Internal Auditor of Perth and Kinross IJB;
2. Appoints Fife, Tayside and Forth Valley Audit and Management Services (FTF) as the IJB's Internal Auditors;
3. Note there are no financial implications for the internal audit arrangements proposed for the financial year 2015/2016;
4. Acknowledges the support from Perth and Kinross Council to ensure a level of Perth and Kinross Council Internal Audit resource is directed towards assisting FTF deliver the Internal Audit requirements for the Perth and Kinross IJB;
5. Approve the formulation of a high level service level agreement between Perth and Kinross IJB and Fife, Tayside and Forth Valley Audit and Management Services (FTF), the current Internal Audit provider to NHS Tayside, for the provision of Internal Audit services to Perth and Kinross IJB;
6. Note the appointment of Audit Scotland as the IJBs external auditors.

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