

Orkney Integration Joint Board

Internal Audit Strategy 2018 - 19

1. Introduction

- 1.1 The Public Sector Internal Audit Standards (PSIAS) set out the requirement for the Chief Internal Auditor to prepare a risk-based audit plan to determine the priorities of the internal audit activity, consistent with the organisation's goals.
- 1.2 The Chief Internal Auditor must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations and priorities.
- 1.3 The audit plan must incorporate or be linked to a strategic or high-level statement of how the Internal Audit Service will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisational objectives and priorities.

2. Internal Audit Objectives

- 2.1 The definition of internal auditing is contained within the PSIAS, as follows:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”
- 2.2 The primary aim of the Section is to provide assurance services, which requires the Chief Internal Auditor to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.
- 2.3 The aims of the service contribute to Our Plan 2013-2018 values as follows: -
 - 2.3.1 **Working together:** to overcome issues more effectively through partnership working
 - 2.3.2 **Working to provide better services:** to improve the planning and delivery of services

3 Provision of Assurances

- 3.1 The audit plan is prepared on an annual basis and is continually reviewed. The plan shall be adjusted as necessary in response to changes to risks, operations, programs, systems and controls.
- 3.2 When preparing the audit plan the following are taken into consideration: -
 - Orkney Integration Joint Board Risk Register;
 - Review of internal audit findings;
 - External audit plans;
 - known strengths and weaknesses in the internal control system;
 - any management concerns and expectations;
 - the available audit resources.

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- 3.3 The annual audit plan details the areas of audit which will be subject to review. Following each review, audit reports are issued in draft format, initially to provide management the opportunity to agree the factual accuracy of the audit findings. Copies of final audit reports are passed to the Chief Officer, the Chief Finance Officer and to External Audit.
- 3.4 The outcomes of audit reports feed into the Internal Audit Annual Report and Assurance Statement. The Report and Assurance Statement shall be presented to the Audit Committee.
- 3.5 The Report and Assurance Statement is also passed to the Chief Finance Officer for consideration in the preparation of the Annual Governance Statement.

4 Service Delivery

- 4.1 The provision of the Internal Audit Service for 2018-19 is through the contingency resource allocation of both the Orkney Islands Council and the NHS Orkney audit plans. The Chief Internal Auditor for Orkney Islands Council has been appointed as the Chief Internal Auditor for the OIJB for the financial years 2017-18 and 2018-19.
- 4.2 Internal audit members of staff are required to conform to the Codes of Ethics of the professional accountancy bodies of which they are members and to the Code of Ethics included within the PSIAS.
- 4.3 Internal auditors must also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life*, information.
- 4.4 The Internal Audit Section is an independent section and does not have any operational responsibilities. It does not 'own' any system, or have any responsibility for any aspect of work subject to audit.
- 4.5 Auditors are not assigned assurance work in areas where they have had any operational or other involvement.

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Draft Internal Audit Plan 2018 – 2019

1. Introduction

- 1.1 This document outlines the internal audit plan for the financial year 2018 – 2019.
- 1.2 At its meeting on 10 March 2017 the Orkney Integrated Joint Board (OIJB) appointed the Chief Internal Auditor of Orkney Islands Council (OIC) as the Chief Internal Auditor of the OIJB for the two years 2017-18 and 2018-19. The audit approach for the year is being accommodated within the contingency resources of NHS Orkney (NHSO) and OIC audit plans.
- 1.3 The internal audit service shall be operated in compliance with the Public Sector Internal Audit Standards.
- 1.4 Internal audit reports shall be made to the Chief Officer of the OIJB.
- 1.5 The annual audit plan is formed on the basis of a number of contributing factors, including:-
 - 1) Consultation with the Chief Officer and Chief Finance Officer of the OIJB;
 - 2) Review of the OIJB Risk Register;
 - 3) Review of internal audit findings;
 - 4) Liaison with the external auditors to avoid duplication of effort;
 - 5) Any known relevant changes in legislation and other external factors;
 - 6) Known strengths and weaknesses in the internal control system.
- 1.6 Whilst managing the risk of fraud and corruption is the responsibility of senior management, internal audit work is planned to consider and minimise the risks and exposures that could allow fraud or corruption to occur.

2. Areas for Review

Following the audit planning process which has involved consideration of risks to the OIJB, the following audits have been identified for completion during 2018-19:-

1 Locality Planning Groups

To consider whether there are terms of reference, roles and responsibilities established, appropriate communication, consultation and engagement. To consider how the groups contribute to planning and whether there is support provided to the Groups.

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Draft Internal Audit Plan 2018 – 2019

2 Strategic Commissioning Plan – Achievement and Measurement of Future Directions

To gain assurance that there are adequate arrangements in place within the IJB for providing directions to the Council and NHSO, that compliance with these is monitored and that there are adequate reporting arrangements in place to ensure the Board is kept up to date and can make informed decisions.

3 Governance, Risk Management and Control

The Chief Internal Auditor is required to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. This shall be delivered as part of the 2018-19 audit and sufficient evidence shall be obtained throughout 2018-19 for an opinion to be provided in the Internal Audit Annual Report and Assurance Statement.

Assessments of adequacy of the internal controls, governance and risk management arrangements for the operational delivery of services by NHSO or by the OIC on behalf of the OIJB will remain the responsibility of the relevant NHS or Local Authority audit team.

However, any relevant issues arising from either OIC Internal Audit or NHSO Internal Audit which are of relevance to the OIJB shall be considered and further reviewed as appropriate, and within time constraints, as part of the 2018-19 internal audit process.

Time has also been allocated for audit tasks such as audit planning, reporting to the OIJB Audit Committee, internal audit review and provision of ad hoc advice.

3. Follow up of Action Plans

Performance Management and Risk Software (Aspireview) is used to track the implementation of agreed internal audit recommendations. The progress on implementing agreed actions shall be checked via this system on a six-monthly basis.

The internal audit team shall review the assessments provided by responsible officers and where any recommendations have been marked as complete, will carry out checks to confirm the assessments. Where it is confirmed that actions have been completed, the recommendations will be archived on the system.

4. Contingency Allocation

There is no contingency allowance within the audit plan.

Should the OIJB or OIJB Audit Committee require further audit work to be undertaken, this shall have to be commissioned as an additional piece of work and will incur a cost which is subject to separate agreement.