

**EAST RENFREWSHIRE INTEGRATION JOINT BOARD****PERFORMANCE AND AUDIT COMMITTEE****25 September 2024****Report by Chief Auditor****INTERNAL AUDIT ANNUAL REPORT AND OPINION 2023/24****PURPOSE OF REPORT**

1. The Public Sector Internal Audit Standards (PSIAS) require that Internal Audit prepares an annual internal audit opinion and report that can be used by the Integration Joint Board (IJB) to inform its governance statement.
2. The purpose of this report is to provide the IJB Performance and Audit Committee with an independent opinion on the adequacy and effectiveness of the governance, risk management and internal control systems operating within the integration joint board (IJB) during 2023/24.

**BACKGROUND**

3. Internal Audit is an autonomous unit within the Chief Executive's Office of East Renfrewshire Council. Independence is achieved through the organisational status of internal audit and the objectivity of internal auditors. For the purposes of providing an annual opinion, reliance will be placed on the work of the NHS Greater Glasgow and Clyde (NHSGGC) internal auditors, East Renfrewshire Council internal auditors and any work carried out by other external assessors, for example external auditors, Audit Scotland and Care Inspectorate.
4. In order to ensure proper coverage and avoid duplication of effort, the internal auditors of the NHSGGC and all the local authorities operating within this Health Board area are in regular communication when necessary.

**ANNUAL REPORT 2023/24**

5. The attached annual report (Appendix 1) contains the annual internal audit opinion assurance which concludes that the IJB had adequate and effective internal controls in place proportionate to its responsibilities in the year ended 31 March 2024.

**RECOMMENDATION**

6. The Committee is asked to:
  - (a) note that the contents of internal audit's annual report and opinion 2023/24 is a formal confirmation of Internal Audit's opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and internal controls that operated in the year to 31 March 2024.

M Blair FCA,  
Chief Auditor  
30 August 2024

**INTERNAL AUDIT ANNUAL REPORT AND OPINION 2023/24****INTRODUCTION**

1. East Renfrewshire Council (ERC) and NHS Greater Glasgow and Clyde (NHSGGC) agreed that East Renfrewshire Council's internal audit service would undertake the internal audit role for the IJB and the Chief Auditor of East Renfrewshire Council was formally appointed to that role by the Integration Joint Board on 7 October 2015.
2. The IJB has responsibility for reviewing the effectiveness of the governance arrangements including the system of internal control.
3. To inform this review and the preparation of the governance statement, as stated in the CIPFA framework on Delivering Good Governance in Local Government, internal audit is required to provide an opinion on the overall adequacy and effectiveness of the framework for governance, risk management and control. This annual report contains the opinion on the IJB's internal control framework for the financial year 2023/24.
4. There is a requirement that the IJB internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 and were revised in 2017. East Renfrewshire IJB commissions East Renfrewshire Council and NHS Greater Glasgow and Clyde to provide services on its behalf. The East Renfrewshire Council Internal Audit service operates in accordance with the PSIAS and undertakes an annual programme of work which is approved and monitored by the Council's Audit and Scrutiny Committee. The internal audit service for NHSGGC is provided by Azets whose audit methodology also conforms to PSIAS.

**INTERNAL CONTROL FRAMEWORK**

5. It is the responsibility of the Board and IJB senior management to establish appropriate and sound systems of governance, risk management and internal control and to monitor the continuing effectiveness of these systems. It is the responsibility of the Chief Auditor to provide an annual overall assessment of the robustness of governance, risk management and internal control.
6. The presence of an effective internal audit function contributes towards, but is not a substitute for, effective controls and it remains primarily the responsibility of line management to ensure that internal controls are in place and are operating effectively. Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, ERC and NHSGGC continually seek to improve the effectiveness of their systems of internal control.
7. The Integration Joint Board uses the systems of East Renfrewshire Council (ERC) and NHS Greater Glasgow and Clyde (NHSGGC) to manage its financial records.
8. The main objectives of the internal control systems are:
  - To ensure adherence to management policies and directives in order to achieve the Integration Joint Board's objectives;
  - To safeguard assets;
  - To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
  - To ensure compliance with statutory requirements.
9. A good working relationship exists between internal audit and the IJB's appointed external auditors. Information on audit planning and the progress of audit work is regularly exchanged on an informal basis.

### **ACHIEVEMENT OF 2023/24 ANNUAL AUDIT PLAN**

10. The 2023/24 internal audit plan provided by the Council's internal audit team included 15 days for work specifically for the IJB and was approved by the Performance and Audit Committee in March 2023. In agreement with the Head of Finance and Resources, no audit work specific to the IJB was identified or included in the plan and the days were to be reserved to address any emerging issues during the year, carrying out follow up, preparing reports, attending committee and liaising with partner organisations and peers. No specific IJB audits or emerging issues were reviewed during the year.

11. There are currently no outstanding IJB specific audit recommendations. Follow up work is carried out on implementation of Council recommendations specific to HSCP and these are reported to each Performance and Audit Committee throughout the year.

### **DELIVERY OF THE INTERNAL AUDIT SERVICE**

12. Internal Audit is an independent appraisal function established for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of the organisation's resources.

13. Internal audits which are of relevance and interest to the IJB will be carried out in both the Council and the Health Board by their respective internal audit teams and these will be detailed within the relevant organisation's audit plans.

14. The internal audit plan for the Council was approved by the Audit and Scrutiny Committee in March 2023 and included an allocation of 15 days for IJB audit commitments. These days are audit allocations for IJB specific audits and are in addition to HSCP related audits included within the Council audit plan.

15. HSCP related audits carried out by the council's internal audit team have been submitted to the Performance and Audit Committee periodically with details of the full reports and levels of implementation of recommendations made.

16. ERC's internal audit's annual report and assurance statement for 2023/24 will be submitted to the Council's Audit and Scrutiny Committee on 26 September 2024 for approval. The audit opinion will conclude that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for the year ended 31 March 2024.

17. Azets currently provide an internal audit service on behalf of NHSGGC. In 2023/24 a total of eleven audits were conducted and reports issued. Summary details have been separately provided to the Performance and Audit Committee as they became available. None of the reports were classified as requiring immediate major improvement. Overall, there were no grade 4 recommendations in any audit report.

18. No significant governance issues were raised by NHSGGC's internal auditor Azets in their annual report presented to the NHSGGC Audit Committee in June 2024 which were of relevance to the East Renfrewshire IJB.

### **CONFLICTS OF INTEREST**

19. There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

### **ASSESSMENT OF CONTROLS AND GOVERNANCE**

20. The evaluation of the IJB's control environment is informed by a number of sources, primarily the work carried out by the internal audit services of the Council and the NHSGGC.

21. As such, any significant governance issues reported in either the Council's or NHS Greater Glasgow and Clyde's 2023/24 Annual Governance Statements are considered for relevance to the East Renfrewshire IJB. No significant relevant issues were noted within the NHS statement or the Councils Annual Governance Statement.

22. The internal auditors for NHSGGC have presented their annual report and assurance statement for 2023/24 to the NHS Audit and risk committee. They concluded that NHSGGC has a framework of governance and internal control that provides reasonable assurance regarding the effective and efficient achievement of objectives.

**OPINION**

23. It is my opinion based on the information available and assurances provided, that reasonable assurance can be placed on the framework of governance, risk management and internal controls which operated in the East Renfrewshire Integration Joint Board in the year to 31 March 2024. The IJB has produced a Governance Statement which concurs with this conclusion.