



REPORT TO: PERFORMANCE & AUDIT COMMITTEE – 21 MAY 2025

REPORT ON: DUNDEE INTEGRATION JOINT BOARD INTERNAL AUDIT PLAN
PROGRESS REPORT

REPORT BY: CHIEF FINANCE OFFICER

REPORT NO: PAC20-2025

1.0 PURPOSE OF REPORT

- 1.1 This paper provides the Performance and Audit Committee (PAC) with an update on progress of the 2024/25 internal audit plan. This report also includes internal audit reports that were commissioned by the partner Audit and Risk Committees, where the outputs are considered relevant for assurance purposes to Dundee IJB.

2.0 RECOMMENDATIONS

It is recommended that the PAC:




- 2.1 Notes the work undertaken on the 2024/25 plan.
- 2.2 Note that the Annual Internal Audit Plan for 2025/26 will be presented to the September 2025 PAC meeting.
- 2.3 Consider the changes arising from the new Global Internal Audit Standards (GIAS) and the implications for the Internal Audit Service and the PAC.

3.0 FINANCIAL IMPLICATIONS

- 3.1 None.

4.0 MAIN TEXT

- 4.1 The GIAS require that the Chief Internal Auditor reports periodically to the PAC on activity and performance relative to the approved annual plan. We have previously set out that audit work is planned to allow the Chief Internal Auditor to provide the necessary assurances prior to the signing of the accounts.
- 4.2 The PAC approved the 2024/25 Internal Audit Plan at the September 2024 meeting. Internal audit work undertaken in 2024/25 is set out in Appendix 1.
- 4.3 Working with our partners in Dundee City Council, we are committed to ensuring that internal audit assignments are reported to the target PAC. The progress of each audit has been risk assessed and a RAG rating added showing an assessment using the following definitions:

Risk Assessment		Definition
Green		On track or complete
Amber		In progress with minor delay
Red		Not on track (reason to be provided)

4.4 An update on the progress of all the IJB's Internal Audits is shown in Appendix 1. Resources to deliver these audits are provided by NHS Tayside and Dundee City Council Internal Audit Services.

4.5 In order that all parts of the system receive appropriate information on the adequacy and effectiveness of internal controls relevant to them, including controls operated by other bodies which impact on their control environment, an output sharing protocol was developed and approved by all partners' respective Audit and Risk Committees. This protocol covers the need to share internal audit outputs beyond the organisation that commissioned the work, in particular where the outputs are considered relevant for assurance purposes. The following reports are considered relevant and are summarised here for information. It should be noted that the respective Audit and Risk/ Scrutiny Committees of the commissioning bodies are responsible for scrutiny of implementation of actions.

4.6 The External Quality Assessment of Internal Audit's compliance with the Public Sector Internal Audit Standards (PSIAS) final report was issued on 4 March 2025 and shared with the FTF Partnership Board on 5 March 2024.

Internal Audit Standards

4.7 The Public Bodies (Joint Working) (Scotland) Act 2014 requires the Integration Joint Board (IJB) to comply with the accounts and audit regulations and legislation under section 106 of the Local Government (Scotland) Act 1973. A professional and objective internal audit service arrangement was established in accordance with recognised, applicable Internal Audit Standards, in order to comply with article 7 of the Local Authority Accounts (Scotland) Regulations 2014.

4.8 The Integrated Resources Advisory Group also issued guidance which set out the IJB's responsibility to establish adequate and proportionate internal audit arrangements for risk management, governance and control of delegated resources. The guidance further advised that IJBs should make appropriate and proportionate arrangements for the consideration of the audit provision.

4.9 From 1 April 2025, PSIAS was replaced by the GIAS supported by an 'Application Note - Global Internal Audit Standards in the UK Public Sector'. The Application Note *"provides a framework for the practice of internal audit in the UK public sector when taken together with the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors (IIA). It sets out interpretations and requirements which need to be applied to the GIAS requirements, in order that these form a suitable basis for internal audit practice in the UK public sector."*

4.10 Within the Local Government context application of GIAS is also supported by the CIPFA 'Code of Practice for the Governance of Internal Audit in Local Government' (The Code). The Code addresses the responsibilities of senior management and the Audit Committee towards Internal Audit to ensure that Internal Audit services delivered have the necessary authority, support and oversight of the organisation. The Code provides a link between the recommended practices in GIAS and established governance arrangements of local government bodies and reflects the legislation and practices of local government bodies.

4.11 GIAS consists of 5 domains which are supported by 15 principles:

- Purpose of Internal Auditing
- Ethics and Professionalism (principles 1-5)
- Governing the Internal Audit Function (principles 6-8)
- Managing the Internal Audit Function (principles 9-12)
- Performing Internal Audit Services (principles 13-15).

4.12 The main changes under GIAS include:

- a new Purpose Statement
- a requirement for internal auditors to demonstrate 'professional scepticism'
- clearer roles and responsibilities for senior management and the Audit Committee
- development and approval of an Internal Audit Mandate and Charter
- development and implementation of an Audit Strategy
- oversight of wider assurance sources
- development of skills and technology within the function to ensure delivery of an effective internal audit service
- a requirement to report where recommendations are not agreed
- a requirement for formal review processes.

4.13 Internal audit teams are not expected to demonstrate full conformance with GIAS on 1 April 2025 but must work in accordance with the new standards from this date, and by doing so will build up conformance to GIAS during 2025/26. While much of the day-to-day internal audit practice of undertaking audit engagements will not change, it is recognised that time will be needed to make the transition to GIAS. Nationally, internal audit functions are reviewing current audit processes and an improvement plan to ensure GIAS compliance is being developed.

4.14 The role of the Audit Committee is set out in some detail in GIAS Domain III "Governing the Internal Audit Function". Whilst many of these are already in place, the main elements emphasised in GIAS are to:

- provide the mandate setting out the authority, role and responsibilities under which the Internal Audit service operates.
- review and approve the Internal Audit Charter as reflecting the Audit Committee's expectations of the Internal Audit service that will be delivered to the IJB.
- meet with the Chief Internal Auditor on a periodic basis.
- 'champion' and demonstrate support for Internal Audit
- review the governance, management and reporting arrangements of the Internal Audit service.
- assist with setting audit priorities.
- review and approve arrangements for the external assessment of Internal Audit.

4.15 The Chief Internal Auditor is progressing the GIAS development work and a further update will be provided to the Audit Committee in due course.

NHS Tayside reports:

Report Description	Assurance	Key findings
T26/25 Savings Governance	Reasonable	The parameters within the health sector in which the board is operating impact on the available saving options and the financial sustainability risk and measures. Existing organisational structures, performance requirements, reduced capital spend, and age and state of the estate are all factors that limit NHS Tayside's ability to make required savings. However, similar to many Health Boards, the savings challenge remains significant

		<p>and the recommendations within this report aim to support the Board's savings and financial sustainability arrangements.</p> <p>Whilst NHS Tayside is not on target to achieve its full 2024/25 savings target, our assessment is that NHS Tayside formulated a comprehensive, risk-assessed plan and put in place a system of control, management, and governance; with areas for improvement identified in this report.</p> <p>There is a clear link between corporate priorities and savings workstreams based on the ADP approach.</p> <p>Whilst there is a focus on long term financial sustainability and recurring savings, this would be enhanced through a lessons-learned approach.</p> <p>Pace and urgency of the approach to financial recovery could be enhanced. The Sustainability & Recovery Group (SRG) was formed in September 2024 with limited output to date and a Financial Recovery Action Plan is not yet in place.</p> <p>We have recommended a staff communications strategy to create buy in and ownership as well as generate any additional saving proposals.</p> <p>Our interviews with officers during audit fieldwork confirmed that NHS Tayside makes good use of data available through the Business Unit and benchmarking data provided through the Discovery system nationally, to identify areas of focus for the savings workstreams. Effective use of data should be further explored to analyse productivity and value and enhance allocative efficiency.</p> <p>There are inconsistencies in how the individual savings workstreams are managed operationally and monitored at governance level, and savings workstream governance arrangements require standardisation.</p> <p>Reporting on the Financial Plan and the challenge in delivering it is generally open and transparent. We have recommended enhancements in clarity of terminology and quantifying risks.</p> <p>Audit Scotland, in their 'NHS in Scotland 2023' report published in February 2024 stated that 'Investing in preventative measures and implementing service reforms will help to ensure services are sustainable in the future'. This view has also been reported by Public Health Scotland as outlined in the January 2023 discussion paper 'Public health approach to prevention and the role of NHSScotland' which stated that 'there is a growing body of economic evidence that supports the case for investing in public health interventions and prevention.'</p> <p>Reflecting on the Audit Scotland and Public Health Scotland conclusions, public health measures including prevention should be a key area of focus to ensure services are sustainable in the future. Public Health actions are therefore of the utmost criticality, alongside the need to be financial sustainability, and should be prominent in Strategy development.</p>
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Dundee City Council reports:

Report Description	Assurance	Key findings
Corporate and Corporate Services – Financial Forecasting	Substantial Assurance	<p>The Council's processes for the preparation and reporting of forecast outturns were found to be generally well-designed.</p> <p>The Revenue Budget Control Manual is in the process of being reviewed at the time of the audit. We noted a number of instances of non-compliance with these processes at the Service area level for example, the Revenue Monitoring templates had not always been submitted in a timely manner, actual spend information from the general ledger used for forecasting in the monitoring reports submitted by the Services is often taken before the month-end close has been done, and the Service areas' explanations for key assumptions and any changes to projections were found to be inadequate in some instances. There is therefore an increased risk that some reported figures are not as accurate and up to date as they could be which may hinder the monitoring and reporting process.</p> <p>At the corporate level, we found that the information regularly reported by the Corporate Finance team to the Council Leadership Team and the City Governance Committee included detail of the assumptions underpinning budgets and forecast outturns, as well as generally sufficient information on other aspects of the Council's financial performance. We have made recommendations predominantly at the Service area level, in relation to the improvements required in financial forecasting. If implemented, these will enhance the controls over this area.</p>
Corporate Services – Corporate Finance – Purchase to Pay	Substantial Assurance	<p>Purchase to pay processes are generally sound, with the majority of expected controls integrated into the operation of purchasing systems. We found that controls could be strengthened by better defining the scope of permitted exceptions to core purchasing processes, and by reinforcing understanding of the purpose of key controls among operational staff with responsibility for purchasing.</p>

5.0 POLICY IMPLICATIONS

- 5.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6.0 RISK ASSESSMENT

- 6.1 This report has not been subject to a risk assessment as it is a status update and does not require any policy or financial decisions at this time.

7.0 CONSULTATIONS





- 7.1 The Acting Chief Finance Officer, Regional Audit Manager, Chief Internal Auditor and the Clerk were consulted in the preparation of this report.


8.0 BACKGROUND PAPERS

- 8.1 None.

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Acting Chief Finance Officer

Date: 28 April 2025

Ref	Audit	Indicative Scope	Target Audit Committee & current RAG status	Planning Commenced	Work in Progress	Draft Report	Completed	Grade
2024/25								
D01-25	Audit Planning	Audit Risk Assessment & Operational Planning.	Complete 	✓	✓	✓	✓	N/A
D02-25	Audit Management	Liaison with management, Pre-Audit Committee liaison with Chief Finance Officer, preparation of papers and attendance at PAC.	Ongoing/ May 2025 	✓	✓	✓	✓	N/A
D03-25	Internal Control Evaluation	Holistic assessment of the internal control environment in preparation for production of the 2024/25 Annual Report. Follow up of previously agreed governance actions including Internal Audit recommendations.	May 2025 	✓	✓	✓		
D04-25	Annual Report 2024/25	Chief Internal Auditor's annual assurance statement to the IJB with fieldwork to support this.	September 2025 (IJB meeting June 2025) 	✓	✓			

Ref	Audit	Indicative Scope	Target Audit Committee & current RAG status	Planning Commenced	Work in Progress	Draft Report	Completed	Grade
D05-25	Lead Partner Services	Lead Partner Governance and Assurance arrangements Scope to review status of information sharing related to finance / financial outlook / risks / clinical and care governance / activity and strategic planning (Scope still to be finalised)	May 2025 September 2025 	✓				