



REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE (the “IJBAC”) – 20 JUNE 2018

APPOINTMENT OF INTERNAL AUDITORS

1 Recommendation

It is recommended that the IJBAC:-

- 1.1 Re-appoint Mr David Hughes as Chief Internal Auditor of the Aberdeenshire Integration Joint Board (the “IJB”) on a permanent basis with the option that either the Aberdeenshire Integration Joint Board or Chief Internal Auditor may review this appointment at any time;
- 1.2 Agree that Aberdeenshire Council’s internal auditors will provide internal audit services to the IJB; and
- 1.3 Note that Audit Scotland will undertake the 2017/18 audit of the IJB accounts.

2 Risk

- 2.1 IJB 10: Service Standards, IJB 12 Compliance with legislation: These risks are mitigated in part through the appointment of the internal auditors.

3 Background

- 3.1 The Scottish Government established the Integration Resources Advisory Group (IRAG) to develop professional guidance relating to the financial implications of Integration Joint Boards. This guidance states that it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the measures in place for risk management, governance and control of the delegated resources. This includes determining who will provide the internal audit service for the IJB and nominating a Chief Internal Auditor.
- 3.2 The IJB is required to comply with Article 7 of the Local Authority Accounts (Scotland) Regulations which states:
‘7(i) A local authority must operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.’
- 3.3 At its meeting in April 2017, the IJBAC appointed Mr Hughes on an interim basis for one year and instructed a review of the appointment of the Chief Internal Auditor and Aberdeenshire Council’s Internal Audit after that year.

- 3.4 For Aberdeenshire, the decision to appoint the internal auditors is delegated to the IJBAC. The recommendation to re-appoint Mr David Hughes as Chief Internal Auditor and Aberdeenshire Council's internal auditors as the IJB's internal auditors is based upon the agreed plan of work, positive working relationships and extensive knowledge of the activities for which the Integration Joint Board are responsible.
- 3.5 The Chief Internal Auditor will prepare a risk based audit plan each year and will report this to the IJBAC. Thereafter he will report to the IJBAC on delivery of the plan and recommendations and will provide an annual audit report and audit opinion on the internal controls used by the IJB.
- 3.6 Audit Scotland has been appointed by the Accounts Commission to perform the audit of the IJB final accounts from 2016/17. Audit Scotland has been appointed for a five year term.
- 3.7 The Chief Officer, along with the Chief Finance Officer and the Legal Monitoring Officer within Business Services of the Council have been consulted in the preparation of this report and their comments have been incorporated within the report.

4 Equalities, Staffing and Financial Implications

- 4.1 An equality impact assessment is not required because there are no impacts on the protected characteristics as a result of this report.
- 4.2 The IJB will continue to meet the cost of the external audit, whereas the costs of the internal audit service will be absorbed by Aberdeenshire Council.

Alan Wood
Chief Finance Officer
Aberdeenshire Integration Joint Board