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**REPORT TO: MORAY INTEGRATION JOINT BOARD AUDIT, PERFORMANCE AND RISK COMMITTEE ON 24 JUNE 2021**

**SUBJECT: INTERNAL AUDIT PLAN**

**BY: CHIEF INTERNAL AUDITOR**

**1. REASON FOR REPORT**

- 1.1 To provide the Moray Integration Joint Board (MIJB) Audit, Performance and Risk Committee with information on the proposed internal audit coverage for completion in the current 2021/22 financial year.

**2. RECOMMENDATION**

- 2.1 **It is recommended that the Committee considers this report and agrees the proposed audit coverage.**

**3. BACKGROUND**

- 3.1 Scottish Government Integrated Resources Advisory Group (IRAG) guidance requires each IJB to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and control of delegated resources.
- 3.2 The guidance recommends that a risk based audit plan should be developed by the Chief Internal Auditor of the IJB and be approved by the IJB or other Committee (in Moray, the Audit, Performance and Risk Committee). Importantly it also notes that the operational delivery of services within the Health Board and local authority on behalf of the IJB will be covered by their respective internal audit arrangements as at present.
- 3.3 NHS Grampian and Moray Council for their own respective interests will agree their own annual audit plans. Audit reports on topics contained within these plans will be reported in the first instance to the relevant audit committees of each organisation. Where these audit reports contain information pertinent to the MIJB, these will then be presented to the MIJB Audit, Performance and Risk Committee as an additional source of assurance.

- 3.4 During 2020/21 discussions were held to explore the possibility of developing closer working relationships between the internal audit services for the MIJBs of Moray, Aberdeen City, Aberdeenshire councils and the appointed internal auditor of Grampian Health Board. The principle of joint working has been established and it is expected these meetings will continue for the purpose of developing a more joined up audit approach to align to the requirement for greater integration of services.
- 3.5 Moray Council's Audit and Scrutiny Committee at its meeting on 16 June 2021 approved an audit plan which provided for a total of 50 days input for audit work relating to the MIJB and Social Care. While the number of days assigned specifically to the MIJB is less than previous years, it is hoped once the staffing issues within the Internal Audit Section are resolved, additional audit days will be made available before the end of 2021/22.

#### 4. **KEY MATTERS RELEVANT TO RECOMMENDATION**

- 4.1 In selecting audit topics, a full evaluation of the council's resource inputs to the activities directed by the MIJB has been undertaken, with consideration given to:
- materiality (based on expenditure or income)
  - consultation with senior management for areas of work where it was considered internal audit could make a contribution through its work programme
  - time elapsed since an area was last subject to review
  - overall audit assessment of the control environment
- 4.2 The following areas are considered for inclusion within the 2021/22 Audit Plan:-
- **Client Monies** - An audit of the management and accounting of social care clients where the Council manages an individual's personal finances.
  - **Self-Directed Support** - An audit of Self Directed Support financial monitoring arrangements The review will also check to ensure monies awarded correspond to a service users support plan.
- 4.3 The pandemic has resulted in significant changes within current working practices that make audit planning challenging, and uncertainty still remains regarding these arrangements in the period ahead. All audit staff are still working from home which brings some limitations to the audit process. Team members have been fortunate to be classed as mobile workers each with a dedicated work laptop and mobile phone but lack of face to face contact has slowed the pace of audits. Also, many of the employees internal audit would ordinarily work with have had a focus elsewhere to ensure continuity of service in front facing services. Committee should therefore be aware of the possible disruption in the service provided by the Internal Audit Section due to the limitations placed on current and potential future working practices from the impact of the pandemic.
- 4.4 The Public Sector Internal Audit Standards require the Internal Audit Manager

to consider whether or not the audit staffing resources are sufficient to meet the audit needs of the organisation, and where it is believed that the level of resources may impact adversely on the provision of the annual internal audit opinion, and to draw this to the attention of the Committee. With the specific number of days allocated to Social Care audits relatively low there will be capacity to undertake this work although it should be noted that the Chief Internal Auditor is retiring from the council. This coupled with another vacancy in the audit team may impact on the capacity of the team to meet all the requirements of the Public Sector Internal Audit Standards. It will also be necessary for the MIJB to consider interim arrangements for the Chief Internal Auditor appointment which was scheduled to be reviewed again in March 2022.

- 4.5 In considering the audit coverage, the Audit, Performance and Risk Committee should be aware that the responsibility for developing and maintaining a sound control environment rests with management and not with Internal Audit. Similarly it will be recognised that Internal Audit is not the only scrutiny activity within the MIJB, with services challenged through other mechanisms including external audit and inspection, and separate reporting on clinical and care governance.

## **5. SUMMARY OF IMPLICATIONS**

### **(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Plan “Moray Partners in Care 2019 – 2029”**

The work of internal audit supports good governance and provides independent assurances to the MIJB on use of its resources.

### **(b) Policy and Legal**

The report has been prepared having regard to IRAG guidance issued by Scottish Government.

### **(c) Financial implications**

There are no financial implications arising directly from this report.

### **(d) Risk Implications and Mitigation**

The work of internal audit provides assurances on the adequacy and effectiveness of the internal control systems established by management in support of service delivery arrangements and use of resources in selected areas. Positive assurances together with recommendations covering areas for improvement mitigate the risk of desired outcomes not being achieved.

### **(e) Staffing Implications**

A number of staffing issues within Internal Audit require to be addressed as outlined in this report although it is not expected these will directly impact on the projects to be undertaken specifically for the

MIJB.

**(f) Property**

None arising from this report.

**(g) Equalities/Socio Economic Impact**

None arising from this report.

**(h) Consultations**

Consultations have taken place with the MIJB Chief Officer, Chief Financial Officer, Head of Service/CSWO, Corporate Manager, HSCM and Tracey Sutherland, Committee Services Officer, Moray Council, whose comments have been incorporated within the report.

**6. CONCLUSION**

**6.1 The Committee is asked to consider and agree the planned audit coverage for the MIJB for 2021/22.**

Author of Report: Dafydd Lewis, Senior Auditor  
Background Papers: Audit working papers  
Ref: MIJB/aprc/240621