



REPORT TO: MORAY INTEGRATION JOINT BOARD AUDIT, PERFORMANCE AND RISK COMMITTEE ON 26 NOVEMBER 2020

SUBJECT: INTERNAL AUDIT UPDATE

BY: CHIEF INTERNAL AUDITOR

1. REASONS FOR REPORT

- 1.1 To provide the Committee with a general update on audit work progressed since the meeting of the committee in August and to give consideration to initial thoughts as to the audit plan for the 2021/22 financial year.

2. RECOMMENDATION

- 2.1 **The Audit, Performance and Risk Committee is asked to consider and note this audit update.**

3. REPORT

3.1 Context

- 3.1.1 Challenges associated with the pandemic remain all pervasive in relation to work directed by the IJB and have had a consequential effect on internal audit and its normal processes of planning, delivering and reporting on audit project completed. That said some work has been taken forward as detailed in the following paragraphs, and with indications that the current situation is likely to present for some time to come, consideration needs to be given to what is feasible and practicable in terms of providing audit assurances as a 'new normal' is established.

3.2 Specific topics in the Audit plan and recent developments

- 3.2.1 Three audit topics were included in the audit plan for last financial year and an update on each of these and on audit work recently commenced is as follows:

3.3 Aids and Equipment Store

- 3.3.1 This audit was completed ahead of the pandemic and the outcomes reported to this Committee in August. Quite a number of issues were raised regarding the effectiveness of the stores operation, and it was observed when reporting that post the pandemic there would likely be a greater focus on stores and the

role they place in supporting the effective delivery of services. While a formal follow up of the audit has yet to take place to assess progress with implementation of the audit recommendations, there are signs that the stores control systems are being strengthened. (see para 3.4 below)

3.4 Personal Protective Equipment

- 3.4.1 With much focus being given to the process of securing PPE for use by all front line service providers, the Chief Internal Auditor considered it prudent to review the arrangements established within the IJB and council services for procurement and distribution of PPE supplies. The audit work established that there were essentially two strands to the process; direct requisition of all PPE requirements for social care services from National Services Scotland (NSS), with the costs of same being met by Scottish Government; and more 'traditional' procurement, purchase, storage and distribution of PPE for other council services through the council stores operated by Fleet Services.
- 3.4.2 Audit work was mainly completed as a desk top exercise and the audit findings were encouraging with sound processes and good audit trails evident from the outset. The audit report has been drafted and is currently with management for agreement, but the results of the audit can be reported as positive. In particular, for supplies procured directly (as opposed to those procured nationally by NSS), it was noted that the urgency to secure PPE supplies had not compromised pre-existing procurement channels, with contracted suppliers used to fulfil the majority of order requirements. There were some price fluctuations noted, but such variations are not without precedent when, as in this case, challenging market conditions apply.
- 3.4.3 In addition to the desk top exercise, visits were also made to stores to assess stock storage and distribution arrangements and during these visits, one of which was to the Aids and Equipment Store, sound procedures were evident. This is encouraging and hopefully an early indication that the recommended changes from the earlier audit of this store (as referred to at paragraph 3.3.1 above) are being implemented.

3.5 Adaptations - Private and Council Housing

- 3.5.1 As previously reported, this review was substantially completed pre pandemic and the audit report after many months remains in draft with the Housing Services management for consideration of audit findings. The budget for adaptations work is an amalgam of funding from Social Care and Housing and a number of recommendations were made that require responses from three different officers. There have been changes in personnel within some of the services, and of course workload pressures, nonetheless the delay is disappointing and the need for a response to the audit has now been elevated to senior management. The audit report and agreed action plan will be brought to this Committee when completed.

3.6 Care Homes/Residential Nursing (excluding assessment criteria)

- 3.6.1 This audit remains in the plan but the remit has not been agreed and unless there is a specific risk that has been identified by service management as requiring independent review, it is recommended this audit be deferred meantime. This on the basis that exceptional circumstances continue to apply

and at the time of the last audit of this topic there was confidence that financial and care assessment control processes were working as intended.

- 3.6.2 Instead, at this time, the Chief Internal Auditor has taken the view that it is important to glean assurances to the extent possible on issues that have emerged as a consequence of the pandemic, hence the PPE review referred to above, and in similar vein, audit work has commenced on Supplier Sustainability Relief Payments. This initiative was introduced by Scottish Government to provide additional financial support to providers of goods or services whose businesses have been impacted by the pandemic. Care homes fall into this category, and can claim for additional costs necessarily incurred where these are eligible in terms of the scheme. Finance, procurement and social care staff have been involved in assessing claims and the outcomes from the audit will be reported to the next meeting of this committee.

3.7 Follow up - Learning Disabilities (LD)

- 3.7.1 Committee was advised in August that Internal Audit had been asked to conduct further work to assess progress being achieved in redesign of LD services, having prepared an audit report on this topic in 2018. It was advised then that much had happened in the interim with a clear intention to transform services and the Chief Internal Auditor had concluded from Board papers and the report of the Chief Social Work Officer that the Board is well sighted on what needs to happen. Doubtless the pace of change will have been impacted by workload pressures in recent months. For now; this will remain as a pending audit review until the timing is considered right to conduct further audit work on LD services

3.8 Self Directed Support

- 3.8.1 A member of the internal audit team continues to provide advisory support to the working group involved in the development of the self-directed support initiative. There are no significant issues to report on this work since the last meeting of the Committee.

3.9 Joint working

- 3.9.1 The recent development session considered the work of Internal Audit for the IJB in terms of providing assurances, noting that per guidance issued by the Integrated Resources Advisory Group, internal audit work should be 'adequate and proportionate'. These terms were not defined but recognised that wider assurances would continue to be available from the internal audit arrangements of the both the Health Board and the council.
- 3.9.2 Since the development session took place, a Chief Auditor colleague in another council has carried out some benchmarking to compare and contrast the level of audit staff resource made available for IJB audit work. Those responding indicated that they typically spend no more than 20 days annually looking at specific IJB issues e.g. governance, risk management, performance management with a further allocation of time devoted to social care audits. So not particularly dissimilar to the approach we have taken in Moray. The information also gave an indication of topics covered by audit teams which will be useful for future planning purposes, and of interest, in one instance, the

IJB provided the NHS board with an audit topic and asked that it be included within the Health Board internal audit plan. This information is only just to hand and will be considered further in the development of an audit plan for 2021/22.

- 3.9.3 As an outcome from the development session the Chief Internal Auditor has also contacted his opposite number who has responsibility for the internal audit of the IJBs of both Aberdeen City and Aberdeenshire councils and dialogue continues with the appointed internal auditor of Grampian Health Board (PricewaterhouseCoopers) to ensure there is clarity in roles and responsibilities prior to scheduling the meeting to explore possibilities for future internal audit arrangements across the three IJBs.

3.10 Ad hoc works

- 3.10.1 Work to follow up the recommendations made in the 'Carefirst Information Governance' audit completed last year has still to be undertaken.

4. 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"

Audit assurances support good governance which is integral to the delivery of strategic plans for the Moray area.

(b) Policy and Legal

The internal audit service is provided in terms of paragraph 7:1 of the Local Authority Accounts (Scotland) Regulations 2014, and there is a requirement to provide a service in accordance with published Public Sector Internal Audit Standards.

(c) Financial Implications

No implications directly arising from this report.

(d) Risk Implications

The pandemic continues to generate challenges for all services, and with the new normal as yet uncertain internal audit's focus will be to do what it can to support good governance and the integrity of systems; to learn from the experience and give consideration to how best we can continue to provide the audit assurance required in terms of Internal Auditing Standards.

(e) Staffing Implications

No implications

(f) Property

No implications.

(g) Equalities/ Socio Economic Impacts

An equality impact assessment is not required as there will be no impact on people with protected characteristics as a result of consideration of this report.

(h) Consultations

The MIJB Chief Financial Officer has been consulted in respect of this report.

5. CONCLUSION

5.1 This report provides and update on progress re projects included in the audit plan and on other issues relevant to the MIJB.

Author of Report:	Atholl Scott, Chief Internal Auditor
Background Papers:	Internal Audit Plan
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