



REPORT TO: MORAY INTEGRATION JOINT BOARD AUDIT, PERFORMANCE AND RISK COMMITTEE ON 27 AUGUST 2020

SUBJECT: INTERNAL AUDIT – ANNUAL REPORT

BY: CHIEF INTERNAL AUDITOR

1. REASON FOR REPORT

- 1.1 In line with Public Sector Internal Audit Standards, the Chief Internal Auditor must deliver an internal audit opinion and report that can be used to inform the annual governance statement for the Moray Integration Joint Board (MIJB) for the financial year ended 31 March 2020.

2. RECOMMENDATION

- 2.1 **It is recommended that the Audit, Performance and Risk Committee considers the audit opinion based on work undertaken during the 2019/20 year, noting the impact the pandemic has had in the period of lockdown since March 2020.**

3. BACKGROUND

- 3.1 The Scottish Government guidance issued through the Integrated Resources Advisory Group (IRAG) required the MIJB to establish adequate and proportionate internal audit arrangements and for internal audit to provide annual assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control.
- 3.2 These arrangements comprise consideration and review of specific audit topics as outlined in a separate audit update provided with this agenda, along with assurances from the Health Board and Council as described below, which together inform the internal audit opinion on the MIJB's internal control framework for the financial year 2019/20.
- 3.3 The requirement for the Internal Audit Manager to deliver an annual internal audit opinion is contained within the Public Sector Internal Audit Standards (PSIAS), which are mandatory for use by local authorities and associated

bodies. The audit opinion informs the annual governance statement published as part of the MIJB annual accounts.

- 3.4 The PSIAS requires the Chief Internal Auditor to confirm the organisational independence of Internal Audit, and that there has been no limitation to the scope of internal audit work completed. This can be confirmed in relation to the review of the effectiveness of system controls, noting that the timing of certain audit projects has been challenging with the MIJB progressing change programmes across many of its service areas.
- 3.5 The PSIAS also requires Internal Audit to participate in an external quality assessment (EQA) at least once every five years. The most recent assessment completed in 2019 identified a number of areas of good practice and concluded that the service generally conforms to the PSIAS. The review identified a number of areas for improvement and an action plan of improvement actions was progressed during 2019/20.
- 3.6 The audit opinion has been drawn from a number of sources including an overview of minutes of meetings of the Board, those of two sub committees covering Clinical and Care Governance, and Audit, Performance and Risk respectively. Of particular note was the regular review and updating of a risk register outlining the principal risks identified by management. Development sessions on a wide range of topics have also been noted taking place throughout the year, and the latest annual report by the Chief Social Work Officer summarising achievements and progress was reviewed, along with other information used to inform the annual governance statement.
- 3.7 Assurance is also based on the wider audit work conducted by the Chief Internal Auditor in his capacity as Internal Audit Manager of Moray Council, from an annual internal audit report prepared for Grampian Health Board providing an opinion on the adequacy and effectiveness of its system of internal control, and from audit work relative to MIJB topics as outlined separately in an audit update report provided separately on this agenda.

4. KEY MATTERS RELEVANT TO RECOMMENDATION

- 4.1 The opinion covers the period from 1 April 2019 to 31 March 2020 during which normal operational arrangements applied for the most part, noting that since 23 March, the 'lockdown' occasioned by the pandemic saw major changes to service delivery and new ways of working.
- 4.2 These changes also impacted on the work of internal audit with reduced capacity to carry out work in the usual manner, redirection of audit staff resource to other areas of work, and workload pressures on auditee colleagues preventing business as usual.
- 4.3 This is likely to impact on the scope and coverage of internal audit in 2020/21 which in turn has the potential to limit the levels of audit assurance available in this current year should barriers to resuming 'normal' service remain.
- 4.4 This issue has been recognised by the Internal Audit Standards Advisory Board which acknowledges that Internal Audit teams will be challenged to comply with auditing standards given the requirement to comply with

government advice and that of their organisation regarding health and safety during the coronavirus pandemic, and that this fact should be drawn to the attention of audit committees.

4.5 Opinion

The Chief Internal Auditor has considered the audit work completed and other assurances available from council and NHS audit sources and is of the opinion that for the year to 31 March 2020, reasonable assurance can be placed on the adequacy and effectiveness of the MIJB framework of governance, risk management and internal control.

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”

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

(b) Policy and Legal

No implications

(c) Financial implications

No implications

(d) Risk Implications and Mitigation

No direct implications

(e) Staffing Implications

None

(f) Property

None

(g) Equalities

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

This report has been discussed with the Interim Chief Officer of the MIJB.

6. CONCLUSION

- 6.1 This report provides a summary overview of the nature and extent of audit work carried out during the year, and informs the annual internal audit opinion on the internal control environment operating within the MIJB.**

Author of Report: Atholl Scott

Background Papers: Internal Audit working papers

Ref: MIJB/ap&rc/270820