



## **Audit, Performance and Risk Committee**

Thursday, 29 February 2024

### **SUPPLEMENTARY AGENDA**

The undernoted reports have been added to the agenda for the meeting of the **Audit, Performance and Risk Committee** to be held at **Council Chambers, Council Office, High Street, Elgin, IV30 1BX** on **Thursday, 29 February 2024** at **14:00**.

#### **AGENDA**

9a **Internal Audit Plan 2024-25**

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**REPORT TO: MORAY INTEGRATION JOINT BOARD AUDIT,  
PERFORMANCE AND RISK COMMITTEE ON 29 FEBRUARY  
2024**

**SUBJECT: INTERNAL AUDIT PLAN 2024/25**

**BY: CHIEF INTERNAL AUDITOR**

**1. REASON FOR REPORT**

1.1 To provide the Committee with information on the proposed internal audit coverage for the 2024/25 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 In June 2015, the Scottish Government Integrated Resources Advisory Group (IRAG) issued "Guidance for Integrated Financial Assurance" in support of the Public Bodies (Joint Working) (Scotland) Act 2014. The guidance required the Integration Joint Board (IJB) to seek assurance that its resources are sufficient to allow it to carry out its functions and assess the risks associated with this, and further to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and control of the 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 another Committee [in Moray, the Audit, Performance and Risk (APR) 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.



- 3.3 The established working protocol is for audit reviews to be reported to the Council's Audit and Scrutiny Committee before the APR Committee. However, depending on the proposed dates of future committees, some flexibility will be considered in this reporting arrangement to ensure that the requirement of meeting the objectives of both Committees can be achieved. Moray Council's Audit and Scrutiny Committee, at its meeting on 14 February 2024, approved an audit plan that provided 80 days of input for audit work relating to the MIJB (para 8 of minute refers).

#### **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 a review
- overall audit assessment of the control environment

- 4.2 The following areas are considered for inclusion within the 2024/25 Audit Plan:-

- **Residential Care** - An audit to review the adequacy of procedures and administrative arrangements regarding the third party suppliers appointed to provide care home services. The audit will also include testing to verify the accuracy of the financial assessments and the charging for residential care of both respite and permanent care residents.
- **Out of area placement** - A review of the systems and procedures regarding adult services users who are out of the area but whose responsibility remains to meet their eligible care and support needs under the Care Act.
- **Fostering and Kinship payments** - A review to ensure that the internal controls in place for administering Fostering and Kinship Care Allowances are operating effectively.

- 4.3 As the new smarter working arrangements have become embedded across the Council and the MIJB, the Internal Audit Section has adapted, and greater use has been made of electronic methods of communication. However, sometimes this has proved challenging and has slowed the pace of audits. The Committee should therefore be aware of potential delays in progressing and completing audit reviews.

- 4.4 It is pleasing to report that links established in previous years with the internal audit providers and finance managers in NHS Grampian, Aberdeen City and

Aberdeenshire Councils IJBs will continue in 2024/25. The aim has been to develop joint working arrangements for undertaking reviews that could provide more effective use of internal audit resources and allow a holistic view of the control environment across all the organisations. Included within the Council's Internal Audit Plan is a review of the governance arrangements to prevent fraud and corruption. The audit will use the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Managing the Risk of Fraud and Corruption to develop an audit programme. The audit will also review systems and procedures within the MIJB. It has been agreed for this audit to be part of a joint working arrangement with the Internal Audit Services of Aberdeen City Council, Aberdeenshire Council and the Internal Audit Provider of NHS Grampian.

- 4.5 The Public Sector Internal Audit Standards require the Chief Internal Auditor 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 adversely impact the provision of the annual internal audit opinion, to draw that to the attention of the Committee. Previous years audit testing have noted significant findings in the administration and management of adult social care. These audits and the follow up reviews to evidence implementation of the recommendations have been a particularly time consuming commitment on the Internal Audit Section. It is anticipated this requirement will continue in 2024/25.
- 4.6 Further to a review of the staffing establishment, the Council agreed that the Internal Audit Service required additional staff resources in the form of an Assistant Auditor. Unfortunately, due to the current financial climate, it has been decided not to fill this post and the budget has been taken as a financial saving. This is also in addition to the requirement of providing additional budgetary savings by not replacing the Corporate Investigations Officer based within the Internal Audit Section. As the Chief Internal Auditor, I am therefore informing the Committee of my serious concerns about whether available resources will be sufficient to meet the auditing needs of the Moray Integration Joint Board.
- 4.7 In considering the audit coverage, the APR 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 2022 - 2032"**

Internal audit work supports good governance and assists in securing appropriate systems of internal control.

### **(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 and Mitigation**

Audit reports highlight risk implications and contain recommendations for management to address as a means of mitigating.

**(e) Staffing Implications**

No implications directly arising from this report

**(f) Property**

No implications.

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

No implications.

**(h) Climate Change and Biodiversity Impacts**

None directly arising from this report.

**(i) Directions**

None arising directly from this report.

**(j) Consultations**

There have been no direct consultations during the preparation of this report.

**6. CONCLUSION**

**6.1 The Committee is asked to consider and agree the planned audit coverage for the MIJB for 2024/25.**

Author of Report: Dafydd Lewis, Chief Internal Auditor  
Background Papers: Audit working papers  
Ref: MIJB/APRC/2902244