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

**SUBJECT: INTERNAL AUDIT UPDATE**

**BY: CHIEF INTERNAL AUDITOR**

**1. REASON FOR REPORT**

- 1.1 To provide the Committee with a general update including details of progress on projects contained within the Internal Audit plan for 2019/20 financial year.

**2. RECOMMENDATION**

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

**3. REPORT**

**Context /Key Systems**

- 3.1 It has been a challenging time since I provided my last update to this committee, no more so than for those working in the health and care sectors. But back office functions have also had to adapt, prioritise and deal with the issues that are important, and for internal audit ensuring the integrity of the main financial systems has been a key consideration. While audit resources have been directed to other areas including oversight of the provision of substantial grant support funding for businesses, a watching brief has been kept over payroll and creditor payments systems to ensure, through sample testing, that payments from public funds have been correctly made and suitably evidenced with appropriate documentation.
- 3.2 In terms of the system controls I am confident that these have worked as intended, albeit there will have been added complexities as a consequence of staff homeworking, and higher volumes of data to process for staff working more in the way of variable hours. Likewise, urgent need undoubtedly will have influenced purchasing decisions that potentially at times will have stretched procurement rules. But I am aware that colleagues across financial services and others have acted as effective gatekeepers to ensure probity of spend in challenging circumstances. At the appropriate time additional audit work will be completed to glean further assurances in these key areas.

### **Specific topics in the Audit plan**

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

#### **Aids and Equipment Store**

- 3.4 This audit was completed ahead of the pandemic and the audit report and action plan containing recommendations agreed by management are attached as **Appendix 1**. Quite a number of issues were raised regarding the stores operation, it having been apparent from year-end stock taking validations that systems and procedures in place were not as effective as they might have been.

- 3.5 No doubt post pandemic there will be a greater focus on stores and the role they place in supporting the effective delivery of services. It will be interesting to see the approach taken to implementing the audit recommendations when the follow up of agreed actions can be undertaken.

#### **Adaptations - Private and Council Housing**

- 3.6 This review was substantially completed pre pandemic and the report at present is 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. When the review was concluded part way through the year it was noted that the budget was likely to be fully utilised, perhaps exceeded by year end, and there was a waiting list in place. With a focus now on Home First, it is possible that the work programme in this area will require to be expanded and future budget planning and staffing resource to oversee consequential increased workloads may need consideration. The audit report and agreed action plan will be brought to this Committee when completed.

#### **Care Homes/Residential Nursing (excluding assessment criteria)**

- 3.7 This audit was included in the plan on the recommendation of management but no clear remit was developed and no progress has been made. Internal audit's focus is on good governance and effective systems of control, therefore if there are changes required around policy intentions there would need to be clarity around the contribution audit work would make to inform that debate.
- 3.8 What was clear when we last reviewed this area was that 'both care and financial assessment processes for permanent care placements for the elderly were robust and consistently applied'. However, the audit report also noted the two-tier charging system depending on whether places were privately or council funded and it was also reported that 'nationally there are wider issues likely to impact on the provision and funding of elderly care in the future including public sector financial constraints, sustainability of the care provider market, demographics and an ageing population, integration and the planned adoption of a national minimum wage'
- 3.9 Some of these issues have now been brought to the fore as a consequence of the pandemic, and any audit work in this area going forward is likely to be informed by the assessment of the role of this type of care provision going forward.

### **Follow up - Learning Disabilities**

- 3.10 It is now eighteen months since I reported to the Committee on this subject and at the time I was asked to conduct further work to assess progress being achieved. Much has happened in the interim with a clear intention to transform but progress has been and will be challenging as the reconfiguration of services takes place.
- 3.11 A review of recent reporting by the Chief Social Work Officer in her latest annual report and from Board papers demonstrates that there is clarity in terms of what needs to happen; the key to success in this area will be in ensuring that the pace of change is maintained through appropriate resourcing to ensure intended outcomes can be achieved within planned timescales. Audit work may be appropriate at some stage but mindful of the need to add value as well as provide assurances, it is my view for now that the Board is well sighted on what needs to happen in this area. I am not persuaded that further audit work at this time would add to what is already known and has been reported.

### **Self-Directed Support**

- 3.12 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. One of the more unusual decisions reached was the purchase of a camper van type vehicle for a service user. Given the costs and circumstances pertaining, the decision was referred to and approved by senior management. The audit focus primarily was on ensuring issues around ownership, maintenance, insurance etc. of the vehicle were properly formalised to protect the interests of the service and a draft agreement between the Moray Integration Joint Board (MIJB) and service user was prepared with the assistance of Legal Services. A signed copy of the completed agreement has been requested and an update will be provided to the meeting.

### **Joint working**

- 3.13 No issues to report –with separate main financial systems of the NHS and councils being used in the delivery of services directed by IJBs there is little overlap in audit inputs, and annual assurances for the IJB accounts come separately from health board and council management and auditors respectively. In practical terms, it is considered that the scope for joint auditing projects will remain limited, with liaison with internal auditors for Aberdeen City and Aberdeenshire Councils (who provide services to their respective IJBs) and with Price WaterhouseCoopers (PwC) for NHS Grampian likely to continue only on an informal basis on any matters that may be of mutual interest.

### **Ad hoc works**

- 3.14 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”**

Not directly applicable.

**(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 has led to challenges for all services, even internal audit whose access to people as opposed to systems has been restricted as consequence of changed ways of working and recognition that certain service areas and staff have been immersed in responding to the emerging and now ongoing crisis. 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**

Not required as no changes to policy.

**(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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