



REPORT TO: MORAY INTEGRATION JOINT BOARD AUDIT, PERFORMANCE AND RISK COMMITTEE ON 27 SEPTEMBER 2018

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 2018/19 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 The 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 In 2016/17, discussions took place involving Audit Committee Chairs, Chief Officers and Chief Internal Auditors from NHS Grampian and the three north east councils around the provision of audit assurances across the three IJBs and agreement reached in principle that:

- There should be an annual audit plan specific to the Moray IJB and reports on topics included in that plan will be presented to the MIJB

Audit, Performance and Risk Committee to provide assurances on the selected areas.

- 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 relevant to the MIJB, these will then be presented to the MIJB Audit, Performance and Risk Committee as an additional source of assurance.
- When all audit plans are finalised consideration will be given to the possibility of sharing audit resources where there is any similarity in the plans.

3.4 The reporting arrangements are working as intended albeit there is an inevitable delay in reporting the same information firstly to the partner body and then to this Committee. Informal discussions between auditors are continuing on matters of common interest however as yet there have been no formal opportunities for sharing audit resources. This remains under consideration.

3.5 Moray Council's Audit and Scrutiny Committee at its meeting on 23 May 2018 approved an audit plan which provided for a total of 80 days input for audit work relating to the MIJB and Social Care (paragraph 5 of the Minute refers). The proposed use of these days has been discussed with the Chief Financial Officer and is as detailed below. While the number of days assigned specifically to the MIJB is relatively small this is consistent with the approach being taken across most IJBs in Scotland, recognising that for now the staff, systems, and processes under direction of the MIJB are with NHS Grampian or Moray Council.

3.6 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 also given to the results of prior year coverage and the impact of planned changes in service delivery. In respect of change, audit interventions are beneficial where they aid the change process, however recommendations can have less impact if they are based on reviews of systems that are under transformation.

4. KEY MATTERS RELEVANT TO RECOMMENDATION

4.1 The budget in scope broadly amounts to some £52 million, the major elements of this relating to:

- £17m Assessment & Care: recent audit work has covered some £9m from a review of residential care, the remainder relates to home care and respite care and meeting the costs of the Access Teams;
- £15m Provider Services: recent audit work has considered internal home care provision (circa £5 million) and aids and adaptations (£200k). The remainder comprises the Independent Living Service, Learning Disabilities (LD) Care at home, LD Day Care & Supported Housing;

- £10m Commissioning: £2.1m of overall £6m LD contracts partially covered in prior year audit exercise still to be concluded. Self-directed Support also included here which has on going audit involvement. The rest of the budget relates to Mental Health, Older Persons contracts and sheltered housing.
- £7m Specialist Services: Limited recent coverage in this area. Consists of £1m Mental Health staffing, £0.8m Drug & Alcohol, £5m Learning Disabilities Residential Care plus home care and housing support.
- £1m Intermediate Care & Occupational Therapy: mainly staffing costs.
- £2m other - includes staff costs for senior management, strategy and support £700k; other staff costs are apportioned across the above headings.

4.2 The areas considered for audit in 2018/19 relate to:

- **concluding the review on LD:** This is likely to take the form of an interim report recognising that commissioning arrangements will remain under review in the longer term as services are reconfigured.
- **payroll testing.** This will confirm the veracity of employee costs incurred in the delivery of selected service areas and ensure appropriate controls are in place.
- **contributions policy:** A review of a sample of financial assessments for service users to confirm the correct and consistent application of the contributions policy.
- **governance review:** Annual requirement to inform the audit opinion on the governance arrangements linked to SG guidance and best value requirements.
- **self-directed support:** participation in national study and development group.

4.3 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 Commissioning Plan 2016 – 2019**

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

The delivery of the planned audit coverage can be accommodated within the available internal audit staff resource of the council.

(f) Property

None arising from this report.

(g) Equalities/Socio Economic Impact

None arising from this report.

(h) Consultations

Consultations have taken place with Tracey Abdy, Chief Financial Officer 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 Moray IJB for 2018/19.

Author of Report: Atholl Scott
Background Papers: Audit working papers
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