



REPORT TO: MORAY INTEGRATION JOINT BOARD AUDIT, PERFORMANCE AND RISK COMMITTEE ON 19 SEPTEMBER 2019

SUBJECT: PLANNED INTERNAL AUDIT WORK FOR 2019/20

BY: CHIEF INTERNAL AUDITOR

1. REASON FOR REPORT

- 1.1 To provide the Committee with information on the areas of work to be included in the Internal Audit plan for the remainder of the 2019/20 financial year

2. RECOMMENDATION

- 2.1 **That the Audit, Performance and Risk Committee considers and notes the contents of this report and the outcomes and assurances expected from each of the selected project areas.**

3. REPORT

Context

- 3.1 There is an on-going requirement for internal audit to provide annual assurances to the Moray Integration Joint Board (MIJB) on the systems of internal control operating within Health and Social Care Moray (HSCM). Some of these will be drawn from continuing processes under control of the council or NHS respectively, e.g. payroll or payments systems although increasingly there may be topics that can be considered as 'owned' specifically by the IJB e.g. risk management.
- 3.2 In March, Internal Audit asked the HSCM Senior Management Team (SMT) for areas of work where it was considered internal audit could make a contribution through its work programme. In May feedback was received that the focus should be on:
- Adaptations governance
 - Care Homes /Residential Nursing (excluding assessment criteria) and
 - Equipment

Adaptations Governance

- 3.3 It is expected this audit will consider the utilisation of the budget allocation for improvement grants noted as comprising £925k in total for 2019/20. Of this £500k is being made available under general services to support adaptations to private sector housing and £425k ring fenced for adaptations to council housing. It is proposed that the audit will consider how potential uses for this budget are determined and prioritised, look at timeliness of completion of approved works and the consequences of delays, and test project management arrangements to assess whether value for money is being achieved.

- 3.4 For information, a prior internal audit report for Moray Council on this topic in 2015 noted that

‘the Council has gradually reduced the budget for discretionary grants to fund statutory mandatory grants that enable older and vulnerable owner-occupiers to adapt their homes to meet their mobility needs....., and that a recent major study in England found that grant funding for adaptations had in many cases enabled recipients to continue independent living for longer. This has had the effect of reducing the level of social care spending on care at home in the first instance and ultimately delaying a requirement for residential care services.’

Care Homes/Residential Nursing (excluding assessment criteria)

- 3.5 **Residential Care costs for the elderly** at some £8.6 million accounts for around half of the annual budget identified as assessment and care. This topic has been subject to a relatively recent internal audit for permanent care placements. The audit involved reviewing the processes for assessing client need, determining the care packages required, and allocating resources. Part of the audit involved sitting in on the Resource Allocation Panel. Testing was then carried out on the application of the Charging for Residential Care Guidance and of the contributions made by selected service users following financial assessment of their ability to pay.
- 3.6 Additionally, internal audit testing also picks up occasional regularity testing of care payments in the council wide sampling of payments processed, and external audit in its recent management letter for Moray Council (June 19) reported that it would be carrying out testing in this area, given their observation that payment runs proceed without positive assurances being obtained from care homes that the service users remain in residence and are eligible for payment.
- 3.7 Results from an earlier audit overall found sound processes in place and the intention would be to engage further with management to ensure the scope of the audit adds value beyond re-affirming the findings from the prior audit.

Equipment

- 3.8 An audit of **equipment** has been requested and the scope of this will require further work to ensure project aims and objectives are more fully defined. The principal area involving equipment and having prior audit input is an Occupational Therapy store that supplies equipment to support individuals

with specific needs to live independently in their own homes. The audit focus up to now has been around stock control measures and year end valuation of equipment stocks for accounting purposes.

- 3.9 At one point, NHS Grampian had a store of similar equipment in a separate area within the stores building and should this be the area in mind for an equipment audit further work could be done to see if processes could be streamlined and better use made of a recently acquired stores system.
- 3.10 Another area where equipment might feature in an audit could be in relation to recording and tracking of attractive/higher value items purchased and assessing whether suitable controls have been established to protect these assets.

Learning Disabilities

- 3.11 At the meeting of the Audit, Performance and Risk Committee on 13 December 2018 (paragraph 5 of the Minute refers), interim findings on a review of Learning Disabilities (LD) that was commenced but not taken fully to conclusion was reported. The objective of the audit was to consider the effectiveness of current contracts in place and of the monitoring and review procedures, given the significant expenditure in this area.
- 3.12 The work completed involved an analysis of costs incurred to determine the scope of service provision, much of which was being delivered through contracts placed with private sector providers. These contracts were noted as having been extended a number of times and, in some cases, had been identified by service management as being in need of urgent review due to commissioned services no longer meeting service user needs.
- 3.13 The report noted that a transformation programme of LD services has been underway since 2016 and that LD had prioritised a review of the contracts where there was the greatest need to move to a re-designed model of service provision. A programme of decommissioning existing services and recommissioning of new services has commenced and continues and, in line with a request from the Committee, further audit work is required to assess and report on progress in this area.

Joint working

- 3.14 Joint working with the internal auditors for Aberdeen City and Aberdeenshire Councils (who provide services to their respective IJBs) and with PricewaterhouseCoopers (PwC) the appointed internal auditors of NHS Grampian continues to be explored, albeit for now this principally relates to dialogue on matters of common interest as opposed to taking forward specific audit tasks.
- 3.15 The single issue currently under consideration relates to business continuity, with audit work having been undertaken on this topic for Aberdeenshire IJB. Similar work is underway by PwC for NHS Grampian including aspects of the audit covering issues within the ambit of the MIJB. Terms of reference have been agreed for the audit albeit there appears still to be challenges around how the roles of both the Council and NHS (each as Category 1 responders) are aligned with the responsibilities of the MIJB.

Ad hoc works

- 3.16 A contribution to the Self Directed Support steering group and year end work for accounting purposes will continue subject to resource availability and the needs of the service.
- 3.17 Work also will be required to follow up the recommendations made in the 'Carefirst Information Governance' audit completed last year which had a number of action points agreed to be taken forward within the service.
- 3.18 Any other ad-hoc requests will be subject to discussion and agreement before being taken into the plan.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcome Improvement Plan (LOIP)) and Moray Integration Joint Board Strategic Commissioning Plan 2016 – 2019

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. This requirement includes seeking service input into audit plans in order to inform the work programme.

(c) Financial Implications

No implications directly arising from this report.

(d) Risk Implications

Consulting on potential areas for audit enables audit work to be undertaken in areas where optimum benefits can be secured for services and the necessary audit assurances can be obtained.

(e) Staffing Implications

The audit plan shall be aligned to the audit staff resources available to undertake the work.

(f) Property

No implications.

(g) Equalities/ Socio Economic Impacts

No implications.

(h) Consultations

SMT was consulted as to potential topics for inclusion in the audit plan, and some further inputs will be required to ensure the optimum scope for each audit is determined.

5. CONCLUSION

5.1 This report provides information on audit projects selected for inclusion in the audit plan.

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