

Meeting of South Ayrshire Health and Social Care Partnership	Performance & Audit Committee
Held on	14 May 2021
Agenda Item:	6
Title:	IJB Internal Audit Plan 2021/22 – 2023/24
Summary:	
<p>The purpose of this report is to submit, for Audit & Performance Committee approval, the proposed internal audit plan for 2021/22.</p>	
Author:	Laura Miller, Chief Internal Auditor
Recommendations:	
<p>It is recommended that the Performance & Audit Committee:</p> <ul style="list-style-type: none"> i. approves the IJB internal audit plan for 2021/22; and ii. considers the proposed three-year rolling plan covering 2021/22 – 2023/24. 	
Route to meeting:	
N/A	
Implications:	
Financial	<input type="checkbox"/>
HR	<input type="checkbox"/>
Legal	<input type="checkbox"/>
Equalities	<input type="checkbox"/>
Sustainability	<input type="checkbox"/>
Policy	<input type="checkbox"/>
ICT	<input type="checkbox"/>

PROPOSED INTERNAL AUDIT PLAN 2021/22 – 2023/24

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to submit, for Audit & Performance Committee approval, the proposed internal audit plan for 2021/22.

2. RECOMMENDATION

2.1 It is recommended that the Performance & Audit Committee:

- i. approves the Integration Joint Board (IJB) internal audit plan for 2021/22; and**
- ii. considers the proposed three-year rolling plan covering 2021/22 – 2023/24.**

3. BACKGROUND INFORMATION

- 3.1 The Public Bodies (Joint Working) (Scotland) Act 2014 requires that the IJB is subject to the audit and accounts regulations and legislation under Section 106 of the Local Government (Scotland) Act 1973.
- 3.2 The national Integrated Resources Advisory Group (IRAG) guidance requires the IJB to establish adequate and proportionate internal audit arrangements for risk management, governance and control of the delegated resources. At its meeting of 28 October 2015, the IJB appointed the Chief Internal Auditor of South Ayrshire Council as the Chief Internal Auditor of the South Ayrshire IJB.
- 3.3 Operational delivery of services within NHS Ayrshire & Arran Health Board (NHSAAA) and the Council on behalf of the IJB will be covered by their respective internal audit arrangements.
- 3.4 Internal Audit operates in accordance with the Internal Audit Charter, which is in compliance with the Public Sector Internal Audit Standards (PSIAS). The updated Charter was approved by the Council's Audit and Governance Panel on 20 March 2019. A separate Charter is not deemed necessary for the IJB.

4. GOVERNANCE

- 4.1 The IJB is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The internal audit plan forms one element of the IJB's review of the effectiveness of the systems of internal control. The IJB's response to internal audit activity should lead to the strengthening of the control environment and therefore contribute to the achievement of the IJB's objectives.

- 4.2 The complete internal audit plans of both the Council and NHSAAA continue to be approved by their respective audit committees including an allocation for IJB work. The detail of that IJB work is then presented in the separate IJB internal audit plan for review and approval by the Performance and Audit Committee on behalf of the IJB. Significant elements of the wider audit plans of both SAC and NHSAAA will also be of interest to the IJB. This will include not only health and social care delivery but core financial systems such as payroll and creditors which support the delivery of health and social care activities.
- 4.3 It should be noted that the Chief Internal Auditor of the IJB has no responsibility for the internal audit of NHSAAA or for providing assurance to NHSAAA.

5. RESOURCES

- 5.1 The risk-based plan must explain how Internal Audit's resource requirements have been assessed. No formula exists that can be applied to determine internal audit coverage needs. As a guide, the minimum level of coverage is that required to give an annual evidence-based opinion.
- 5.2 The Chief Internal Auditor is required to advise the Committee should resourcing levels impact adversely on the provision of the annual Internal Audit opinion. It is not anticipated that this situation would arise however in such circumstances the Chief Officer and the Chief Finance Officer will be immediately advised, with arrangements made to report to the IJB as appropriate. The audit plan is prepared on a risk-based approach in order to prioritise higher risk items within the plan.

6. INTERNAL AUDIT PLAN 2021/22

- 6.1 PSIAS sets out a number of obligations, including the requirement for the Chief Internal Auditor to establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals. The Chief Internal Auditor must communicate the internal audit plans and resource requirements, including significant interim changes, to senior management and the IJB as appropriate for review and approval.
- 6.2 The IJB internal audit plan for 2021/22 is included at [Appendix 1](#) and is compiled with the objective of giving an evidence-based opinion for the IJB at the end of the financial year. The plan has been prepared by the IJB Chief Internal Auditor in consultation with the IJB Chief Officer.
- 6.3 A three-year proposed internal audit plan is in place for 2021/22 – 2023/24. This is intended to give comfort to the Committee over how other areas will be considered in future years. This is subject to ongoing review and potential change, however there is an intended link between the areas of coverage in the proposed strategic plan:
- 6.3.1 2021/22 – risk management. This piece of work is being brought forward in light of the changing risk profile affecting organisations as a result of COVID-19;

6.3.2 2022/23 – decisions and directions. This assignment was originally due for completion in 2020/21, however in light of COVID-19 and the use of emergency delegated powers there were no directions to audit. Further work is being made by the service in this area during 2021/22 to achieve compliance with the revised statutory guidance issued by Scottish Government in January 2020, which then allows a more valuable internal audit review to take place in 2022/23.

6.3.3 2023/24 – performance monitoring

6.4 The complete internal audit plan for the Council is available for information at [Appendix 2](#). This was approved by the Council’s Audit and Governance Panel on 24 March 2021 and includes the allocation of 25 days for IJB commitments. This is consistent with prior year audit allocations.

6.5 Internal audit service for NHSAAA will be delivered by Grant Thornton LLP.

6.6 The PSIAS requires that the Chief Internal Auditor continually reviews and adjusts the plan in accordance with changes to the organisation’s business, risks, operations, programs, systems and controls. Any material variations to the proposed audit plan will be brought back to the Committee for approval.

7. REPORTING

7.1 IRAG guidance states that the IJB internal audit plan is shared with the relevant committees of the Health Board and Local Authority. Accordingly, the agreed IJB Financial Regulations recommend the IJB audit plan is shared with the relevant committees of NHSAAA and the Council.

7.2 The IJB Financial Regulations require the IJB Chief Internal Auditor to submit an annual audit report of the Internal Audit function to the Chief Officer and the Integration Joint Board indicating the extent of audit cover achieved and providing a summary of audit activity during the year. As a minimum the annual audit report and Chief Internal Auditor’s opinion will also be reported to the NHSAAA Audit Committee and the Council’s Audit and Governance Panel.

8. STRATEGIC CONTEXT

8.1 The proposals contained in this report link to the Integration Joint Board Plan 2018-2021 strategic objective number seven, “We will manage resources effectively, making best use of our integrated capacity”.

9. IMPLICATIONS

9.1 Financial Implications

9.1.1 There are no financial implications arising from this report.

9.2 Human Resource Implications

9.2.1 There are no Human Resources’ implications arising from this report.

9.3 Legal Implications

9.3.1 There are no legal implications arising from this report.

9.4 Equalities implications

9.4.1 There are no equality implications arising from this report.

9.5 Sustainability implications

9.5.1 There are no sustainability implications arising from this report.

9.6 Clinical/professional assessment

9.6.1 There are no clinical/professional assessments required for this report.

10. CONSULTATION AND PARTNERSHIP WORKING

10.1 There has been no public consultation on this report.

10.2 There has been no partnership working involved in the preparation of this report.

11. RISK ASSESSMENT

11.1. There are no risks arising from this report.

REPORT AUTHOR AND PERSON TO CONTACT

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BACKGROUND PAPERS

[Public Sector Internal Audit Standards \(March 2017\)](#)

[Internal Audit Charter \(approved March 2019\)](#)

30 April 2021

Proposed IJB Internal Audit Plan 2021/22

Appendix 1

Job Ref	Internal Audit Assignment	Internal Audit Resource	Indicative days
A	Risk management	South Ayrshire Council	20
B	Support to the Integration Joint Board and Performance and Audit Committee	South Ayrshire Council	5
		Total audit days	25

Proposed Strategic IJB Internal Audit work 2021/22 – 2023/24

Year	Internal Audit Assignment	Objectives
2021/22	Risk management	Review of strategic risk management arrangements, particularly in light of any changes to the risk profile of the organisation as a result of COVID-19.
2022/23	Decisions and Directions	Consider the decisions and directions issued by the IJB for compliance with the Scottish Government's directions guidance and processes issued in January 2020.
2023/24	Performance monitoring	To review the controls around performance monitoring arrangements, with particular focus on assessing the improvements arising from integration and redesign of services.

South Ayrshire Council Internal Audit Plan 2021/22

Appendix 2

No	Audit Area	Objectives	Link to Council Plan	Days	Total
Key Corporate Systems					
1	Payroll	Follow up of 2020/21 Findings	1	10	
2	Customer Invoicing	Follow up of 2020/21 Findings	1	3	
3	Main accounting	Follow up of 2020/21 Findings	1	5	
4	Benefits	Universal Credit advice and guidance	1.4	15	
5	Benefits	Follow Up of 2020/21 SWF Findings	1.4	3	
6	Housing rents	Rent Accounting	1.3	15	51
ICT Auditing					
7	Mobile devices	Review process and controls over mobile devices	6.2	25	
8	PCI DSS	Compliance	6.2	25	50
Governance/Best Value					
9	Contract audit	Revenue contract to be selected to test controls over the awarding and managing of contracts	4.3	20	
10	Contract audit	Capital contract to be selected to test controls over the awarding and managing of contracts	5.2	20	
11	Review of key corporate governance arrangements	Review controls and governance arrangements over transformation projects and change management	4.2	25	
12	Review of key corporate governance arrangements	Strategic recovery from COVID-19	1	20	
13	Following the public pound	Ayrshire Growth Deal - review of internal governance arrangements	4.1	15	100
Directorates					
14	People	Implementation of new communication's strategy	5.3	15	
15	People	Education Maintenance Allowance	2.3	10	
16	People & Place	Controls around hall letting process	2.4/6.2	15	
17	Place	Scottish Housing Regulator - Annual Assurance Statement - Governance Framework	5.2	20	
18	Place	Controls around fuel systems	6.1	15	
19	Place	Controls around management of school crossing patrollers	1	15	
20	H&SCP	CareFirst	3.1	30	
21	H&SCP	Fostering & Adoption	3.2	20	

No	Audit Area	Objectives	Link to Council Plan	Days	Total	
22	H&SCP	Follow Up - Kinship Care Payments	3.2	8		
23	Finance, Economic Dev, Regulatory	Review of COVID-19 business grants	4.4	25	173	
Other Entities						
24	AVJB	To be approved by AVJB - likely new core system	-	25		
25	IJB	To be approved by IJB - likely risk management	-	25	50	
Regularity						
26	Schools	Internal Control Self-Assessment Toolkit - Initial Rollout and Management of the Annual Process	1	5		
27	Social Work Locations	Internal Control Self-Assessment Toolkit - Management of the Annual Process	3	2		
28	Continuous auditing	Download and analyse data looking for unusual transactions or trends in core systems (customer payments)	1	20		
29	Grants - LEADER	Audit of claims and annual review	4.4	5		
30	Cash checks at council premises	Unannounced spot checks at Council premises	1	5		
31	Stores control	Museums	5.4	10	47	
Other						
32	Investigations and client requests	Allowance for investigations of irregularities. client requests, advice and consultancy	-	30		
33	Contingency	Contingency budget for unplanned commitments arising during the year	-	30		
34	Closure of prior year assignments	Allowance of time for the closure of prior year audit work into 2021/22	-	15		
35	Management and Audit development	Internal Audit planning, annual reporting, and quarterly reporting	-	35		
36	EQA2	South Ayrshire Council independent review of Renfrewshire Council's compliance with PSIAS	-	10		
37	QAIP	Annual self-assessment of compliance with PSIAS	-	5	125	
TOTAL				596	596	
For Information - audits by EAC on ARA						
-	Follow Up – Roads Bonds					
-	Follow Up – Roads Maintenance – Materials and Stores					