

South Ayrshire Health and Social Care Partnership

REPORT

Meeting of South Ayrshire Health and Social Care Partnership	Performance and Audit Committee
Held on	8 September 2020
Agenda Item	7
Title	IJB Internal Audit Plan 2020/21 – 2022/23
Summary: The purpose of this report is to submit, for Committee approval, the proposed internal audit plan for 2020/21.	
Presented by	Laura Miller, Chief Internal Auditor
Action required: It is recommended that the Committee: <ul style="list-style-type: none"> i. approves the IJB internal audit plan for 2020/21; and ii. considers the proposed three year rolling plan covering 2020/21 – 2022/23. 	

Implications checklist – check box if applicable and include detail in report									
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"/>						

**SOUTH AYRSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP
PERFORMANCE AND AUDIT COMMITTEE
8 September 2020
Report by Chief Internal Auditor**

PROPOSED INTERNAL AUDIT PLAN 2020/21 – 2022/23

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to submit, for Committee approval, the proposed internal audit plan for 2020/21.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee:

- 2.1.1 approves the Integration Joint Board (IJB) internal audit plan for 2020/21; and
2.1.2 considers the proposed three year rolling plan covering 2020/21 – 2022/23.

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 2020/21

- 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 2020/21 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 and the Chair of the Performance and Audit Committee.
- 6.3 A three year proposed internal audit plan is in place for 2020/21 – 2022/23. 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:

- 2020/21 – decisions and directions. Following the Ministerial Strategic Group’s (MSG) review in February 2019, improvements were proposed to the quality of directions issued by IJBs. Work has been carried out with the Scottish Government to enhance directions for health and social care integration. The purpose of this audit will be to review the SAIJB directions for compliance with the revised statutory guidance issued by Scottish Government in January 2020;
- 2021/22 – integration and redesign of services; and
- 2022/23 – performance monitoring.

6.4 The complete internal audit plan for the Council is available for information at [Appendix 2](#). This was approved under the 2020 COVID-19 Pandemic Emergency Powers on 26 March 2020 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 objective, ‘We will manage resources effectively, making best use of our integrated capacity.’

9. RESOURCE 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.

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.

12. EQUALITIES IMPLICATIONS

12.1 There are no equality implications arising from this report.

13. SUSTAINABILITY IMPLICATIONS

13.1 There are no sustainability implications 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 \(approved March 2019\)](#)

7 August 2020

Proposed IJB Internal Audit Plan 2020/21

Appendix 1

Job Ref	Internal Audit Assignment	Internal Audit Resource	Indicative days
A	Decisions and Directions	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 2020/21 – 2022/23

Year	Internal Audit Assignment	Objectives
2020/21	Decisions and Directions	Consider the decisions and directions issued by the IJB for compliance with the directions guidance and processes.
2021/22	Integration and Redesign of Services	To assess how services have been redesigned to achieve full integration. This may include consideration of localities and how financial information/impact of spend is used to engage with communities and direct services.
2022/23	Performance monitoring	To review the controls around performance monitoring arrangements, with particular focus on assessing the improvements arising from integration and redesign of services.

	Audit Area	Indicative Days	Link to Council Plan	Audit objectives
Key Corporate Systems				
1	Payroll	20	1.3	Compliance with HMRC reporting
2	Customer Payments	3	1.3	Follow Up of 2019/20 Action Points
3	Customer Invoicing	30	1.3	Full system review
4	Non-domestic rates	1	1.3	Follow Up of 2019/20 Action Points
5	Main accounting	40	1.3	Full system review
6	Treasury management	1	1.3	Follow Up of 2019/20 Action Points
7	Income control	20	1.3	Review the use of PayPoint within the Council
8	Benefits	1	2.2	DHP - Follow Up of 2019/20 Action Points
9	Benefits	15	2.2	Review controls around crisis grants and community care grants through the Scottish Welfare Fund
	Sub-Total	131		
ICT Auditing				
10	Telecommunications	20	1.3	Review the process controls over connectivity arrangements at Council locations
11	Mobile devices	20	1.3	Review process and controls over mobile phones
	Sub-Total	40		
Governance/Best Value				
12	Contract audit	40	4.2/4.5	Project(s) to be selected each year to test controls over the awarding and managing of contracts
13	Contract audit	4	4.2/4.5	Follow Up - Revenue Contracts and Creditor Care Payments
14	Review of key corporate governance arrangements	20	1.1/1.3	Review controls and governance arrangements over transformation projects and change management
15	Review of key corporate governance arrangements	10	1.1	Review of risk management arrangements
16	Following the public pound	10	2.1/2.6	ESF funded programmes
17	National Fraud Initiative	10	1.2	NFI data matching
	Sub-Total	94		
Directorates and Other Systems				
18	People	20	5.2	Review controls over Council's performance management system

	Audit Area	Indicative Days	Link to Council Plan	Audit objectives
19	People	15	2.1	Review controls over entitlement to free school transport against qualifying criteria
20	Place	20	6.1	Review controls over meeting waste management regulations
21	Place	10	2.3	Scottish Housing Regulator - Annual Assurance Statement
22	H&SCP	30	3	Examine the use and controls for the CareFirst system by the HSCP
23	H&SCP	25	3.2	Review Fostering, Adoption and Kinship Care Payments
	Sub-Total	120		
Other Entities				
24	Ayrshire Valuation Joint Board (AVJB)	25	-	Review of new core system
25	Integration Joint Board (IJB)	25	-	Decisions and Directions
	Sub-Total	50		
Regularity				
26	Schools	3	2	Internal Control Self Assessment Toolkit - Management of the Annual Process
27	Social work locations	7	3	Development of internal control self assessment toolkit for social work locations
28	Continuous Auditing	30	1.3	Download and analyse core system data for unusual transactions (payroll, customer payments and customer invoicing)
29	Community councils	15	1.3	Audit of Community Council accounts
30	Grants – LEADER	15	4.2	Audit of claims and annual review
31	Cash checks at council premises	5	5	Unannounced spot checks at Council premises
32	Stores control	10	6.3	Museums
	Sub-Total	85		
Other Commitments				
33	Investigations and client requests	30	-	Allowance for investigations of irregularities, client requests, advice and consultancy
34	Contingency	30	-	Contingency budget for unplanned commitments arising during the year
35	Closure of prior year assignments	10	-	Allowance of time for the closure of prior year audit work into 2020/21
36	Management and audit development	35	-	Internal Audit planning, annual reporting and quarterly reporting
37	Quality Assurance and	5	-	Annual self-assessment of compliance with PSIAS

	Audit Area	Indicative Days	Link to Council Plan	Audit objectives
	Improvement Programme (QAIP)			
	Sub-Total	110		
	TOTAL DAYS	630		
For Information - audits by EAC on ARA				
-	Roads Bonds: review of new processes	-	6.1	Follow up
-	Transport Services: supply and delivery of vehicle parts and equipment	-	6.1	Contract audit
-	Roads maintenance: materials and stores	-	6.1	System review