

To: Chief Internal Auditor of the Dumfries and Galloway Integrated Joint Board

This is Dumfries and Galloway Council Internal Audit's assurance report about the adequacy and effectiveness of the internal control system in relation to activities for the Integrated Joint Board during the financial year ended 31 March 2025.

Introduction

The Public Sector Internal Audit Standards require that:

- The Chief Audit Executive (CAE), the Council's Internal Audit Manager, must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.
- The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Statement of the responsibilities of management and internal auditors in relation to internal control

It is Management's responsibility to design and maintain proper risk management, governance and internal control processes and systems to ensure probity in systems and operations, including the prevention, detection and resolution of fraud and irregularities. Management is also responsible for checking that the arrangements and controls are operating effectively. These are known as the first and second lines, which are not fixed but evolve as the Council changes.

Internal Audit, as the third line, is an independent appraisal function established for the review of the internal control system as a service to Dumfries and Galloway Council. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources and the management of risk.

The Internal Audit activity adds value to the organisation (and its stakeholders) when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance.

The work of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps it accomplish its purpose by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.

The Internal Audit Charter for 2024/25 was agreed by the Council's Audit, Risk and Scrutiny Committee at its meeting on 16 April 2024.

The Internal Audit Manager is line managed by the Assistant Director Governance and Human Resources but retains responsibility for all operational audit activity.

The independent role of Internal Audit is understood and respected across the Council, which enables Internal Audit to carry out planned audit work and provide the annual statement of assurance. There have been occasional challenges during the year. These have been discussed with senior management and there is a commitment to ensure appropriate parameters and safeguards are in place to enable Internal Audit to fulfil requirements and deliver the agreed audits in the Annual Audit Plan.

Internal Audit work completed during the year

Activities that are carried out by the Council on behalf of the Integrated Joint Board are subject to the same processes and controls that are in place elsewhere in the Council.

Two audits were concluded which have a direct relevance to the work of the Integrated Joint Board, as follows:

- A report on Care and Support at Home was taken to the IJB Audit, Risk and Governance Committee in September 2024.
- A review of Assessed Care Needs was reported to the Council's Audit, Risk and Scrutiny Committee in June 2025.

Two areas of work of relevance to the IJB have not been completed as follows:

- Included within the plan was a review of Information Sharing with the NHS. Work continues at a senior level in the Council and NHS to improve the arrangements in place.
- Also included in the plan was a review of Social Work arrangements to ensure the completeness and quality of case files. It was noted by the Care Inspectorate in their reports of both Fostering and Adoption Services (dated 1 October 2024) that managers within the Service had been working hard to develop new quality assurance processes but that these were not yet embedded. It was further noted as part of an Internal Audit review of Assessed Care Needs that a Quality Assurance Framework is being worked on, and that a rolling programme of audit work is to be established. Discussions are continuing with the Service to allow the audit to progress in 2025/26.

It is management's responsibility to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. Internal Audit is required to identify if action has been taken on its recommendations and that management has understood and accepted risks from not so acting. Progress by Services on implementing the agreed action points in internal audit reports is reported to the Council's Audit, Risk and Scrutiny Committee who can 'call in' any matter where progress is a concern. The Council's external auditors also arrange to follow up any actions they have agreed with management.

Opinion on the systems of Internal Control and Governance

Sound systems of governance and internal control exist in most areas of the Council. There were however a small number of exceptions where significant weaknesses were found. This reflects the risk-based approach to the Audit Plan and the focus on identified areas of risk in the Council.

In all areas where significant issues were identified as a result of internal audit work appropriate action is being taken to secure improvement.

Basis for the opinion

Internal Audit's evaluation of the control environment that operated during 2024/25 is informed by a number of sources:

- Our knowledge of the Council's governance, risk management and performance monitoring arrangements.
- Any disclosures about internal control or governance issues communicated by management to Internal Audit.
- The outcome of work undertaken by Internal Audit during the year to 31 March 2025 and previous years.
- Assurances provided to auditors by management during the course of audit work.
- Reports issued by the Council's external auditors and external assurance providers, for example the Care Inspectorate.

Conformance with the Public Sector Internal Audit Standards

An external assessment of Internal Audit's compliance with PSIAS was done during 2023/24 by another Scottish Local Authority on a peer review basis. The report noted general compliance with five areas of the standards and partial compliance in the remaining nine areas. A self-assessment of compliance with the Public Sector Internal Audit Standards during 2024/25 has been done by the Internal Audit Manager. This suggests general compliance with all standards.