

# Midlothian IJB Audit and Risk Committee



Thursday, 6 June 2024

## Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2023/24

Item number: 5.8

Agenda number

### Executive summary

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The purpose of this report is to present the Internal Audit Annual Assurance Report 2023/24 for the Midlothian Health and Social Care Integration Joint Board (MIJB) which includes the Chief Internal Auditor's independent assurance opinion on the adequacy of MIJB's overall control environment for the year ended 31 March 2024.

**The MIJB Audit and Risk Committee is therefore asked to:**

**Consider the Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2023/24 (Appendix 1), which sets out the findings and conclusions arising from all Internal Audit work for the year to 31 March 2024, consider the assurances contained therein, and provide any commentary thereon.**

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## Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Assurance Report 2023/24

### 1 Purpose

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- 1.1 The purpose of this report is to present the Internal Audit Annual Assurance Report 2023/24 for the Midlothian Health and Social Care Integration Joint Board (MIJB) which includes the Chief Internal Auditor's independent assurance opinion on the adequacy of the arrangements for governance, risk management and internal control by the MIJB of the delegated resources.

### 2 Recommendations

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- 2.1 Members of the MIJB Audit and Risk Committee are asked to:
- Consider the MIJB Internal Audit Annual Assurance Report 2023/24 (Appendix 1), which sets out the findings and conclusions arising from all Internal Audit work carried out for the year to 31 March 2024, consider the assurances contained therein, and provide any commentary thereon.

### 3 Background and main report

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- 3.1 The Midlothian Integration Joint Board (MIJB), established as a separate legal entity as required by the Act, is responsible for the strategic planning and commissioning of a wide range of integrated health and social care services across the Midlothian partnership area, based on resources which have been delegated to it by the partners, Midlothian Council and NHS Lothian.
- 3.2 The MIJB is therefore expected to operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities to ensure the achievement of the objectives of Integration. The establishment of robust Risk Management and Audit arrangements is one of the key components of good governance and will be critical to the capacity of the MIJB to function effectively.
- 3.3 The Public Sector Internal Audit Standards (PSIAS) require the MIJB's Chief Internal Auditor to prepare an annual report that incorporates the opinion on the adequacy and effectiveness of MIJB's framework of governance, risk management and control, a summary of the work that supports the opinion, and a statement on conformance with the PSIAS.
- 3.4 The MIJB Internal Audit Annual Assurance Report 2023/24 (Appendix 1) includes the MIJB Chief Internal Auditor's independent and objective opinion regarding the adequacy and effectiveness of governance, risk management and internal control within the MIJB to fulfil the statutory role of Internal Audit. To ensure the annual

reporting requirements of the Public Sector Internal Audit Standards (PSIAS) are met, the Report also includes a summary of the Internal Audit activity during the year that supports the opinion, and summarises the outcome of the self-assessment of the Internal Audit service against the Public Sector Internal Audit Standards (PSIAS).

- 3.5 The Report provides assurances in relation to the MIJB's corporate governance framework that is a key component in underpinning delivery of the MIJB's strategic priorities and has been used to inform the Chief Officer's Annual Governance Statement 2023/24.
- 3.6 In addition to its own governance arrangements, the MIJB places reliance on the governance arrangements adopted by NHS Lothian and Midlothian Council, the partners. Where appropriate, existing mechanisms embedded within both NHS Lothian and Midlothian Council have been used to provide assurance to the MIJB. When appropriate these reports are presented to the Audit & Governance Committee to aid the understanding of the governance arrangements in place in the partner organisations.

## **4 Directions**

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- 4.1 There are no Directions implications arising from this report.

## **5 Equalities Implications**

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- 5.1 There are no direct equalities implications arising from this report.

## **6 Resource Implications**

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- 6.1 There is a commitment to provide Internal Audit resource to the Midlothian Health and Social Care Integration Joint Board (MIJB) for review of the adequacy of the arrangements for risk management, governance and control by the MIJB of the delegated resources.
- 6.2 Internal Audit service is provided by Midlothian Council's Internal Audit team, which has a shared service arrangement with East Lothian Council including the appointed Chief Internal Auditor (from January 2023). This is also supported by specific resource from the NHS Lothian Internal Audit team reporting to the Chief Internal Auditor. The staff who performed the MIJB Internal Audit work hold relevant professional qualifications and have the necessary experience, knowledge, skills and competencies (such as the Code of Ethics set out in the PSIAS).
- 6.3 The Midlothian Internal Audit Annual Plan 2023/24 approved by the MIJB Audit and Risk Committee on 2 March 2023 was based on the assumption that Midlothian Council's Internal Audit function provides 40 days and NHS Lothian Internal Audit team provides 30 days to support the delivery of the Plan. A summary of the Internal Audit work that was undertaken during the year that supports the annual opinion is stated in Appendix 1.

## 7 Risk

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- 7.1 The PSIAS require Internal Audit to evaluate the effectiveness of the MIJB's Risk Management arrangements and contribute to improvements in the process. Key components of the audit planning process include a clear understanding of the MIJB's functions, associated risks, and potential range and breadth of audit areas for inclusion within the Plan to provide the audit opinion. Internal Audit work carried out has been risk-based and, where appropriate, has tested the management of risk by the MIJB of the delegated resources.
- 7.2 Internal Audit provides assurance to MIJB Management, Audit and Risk Committee and the Board on the adequacy and effectiveness of internal controls and governance within the MIJB, including risk management, and to highlight good practice and recommend improvements.
- 7.3 It is anticipated that improvements in the management and mitigation of risks will arise as a direct result of MIJB Management implementing the Internal Audit recommendations.

## 8 Involving people

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- 8.1 The MIJB Chief Officer, Chief Finance Officer and Integration Manager have received the MIJB Internal Audit Annual Assurance Report 2023/24 that sets out the work of Internal Audit and independent opinion on the adequacy and effectiveness of the governance, risk management and internal controls to assist them in discharging their roles and responsibilities. The MIJB Chief Officer will consider the Internal Audit findings and conclusions detailed in the above Report when completing the MIJB's Annual Governance Statement 2023/24.

## 9 Background Papers

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- 9.1 Midlothian IJB Internal Audit Annual Plan 2023/24 (approved by the MIJB Audit and Risk Committee on 2 March 2023)

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| <b>DATE</b>          | 30 May 2024                 |

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