

## **Chief Internal Auditor's Annual Assurance Report and Opinion 2017/18 for Midlothian Health and Social Care Integration Joint Board**

### **1 Introduction**

#### **1.1 The Public Sector Internal Audit Standards (PSIAS) (2017) requires that:**

“The chief audit executive [MIJB's Chief Internal Auditor] 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 incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.”

### **2 Opinion on the Governance, Risk Management and Control**

#### **2.1 My opinion is that, based on our reviews, risk assessments and knowledge, the MIJB's governance arrangements, risk management and systems of internal control are adequate.**

#### **2.2 The MIJB operates under good public sector practice governance arrangements through its Board and Committee meetings that support scrutiny and transparency of decisions made. There is good compliance by the MIJB of the requirements of the Act and the guidance through its Directions to Partners but improvements are required to clearly show how they link to the specific objectives stated in the MIJB's Strategic Plan. Adequate performance monitoring arrangements have been developed to enable the MIJB to monitor the performance of Health and Social Care services in Midlothian, though improvements are required including compliance with the Annual Performance Report reporting timescales.**

#### **2.3 The MIJB's Local Code of Corporate Governance, which was approved in February 2016, requires to be updated to ensure this key document complies with the CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework' (2016) and continues to be relevant and complete by reflecting the appropriate framework for effective governance of the MIJB's business, including its role as the strategic commissioning body i.e. setting out when responsibility lies with the Board or where reliance is placed on the arrangements in place at its Partners. The content and format of the Annual Governance Statement should reflect the annual review of compliance with the updated Local Code.**

#### **2.4 A Risk Management strategy, reporting regime and risk register highlighting the MIJB risks, mitigating controls, residual risk and accompanying actions have been developed and reported during the year to the MIJB and the MIJB Audit and Risk Committee, the latter to fulfil its oversight role to monitor the IJB's risk management arrangements. Development work continues on the risk management process which should ensure that the risk register reflects the MIJB's strategic risks, is regularly reviewed and kept up to date, and is reported on a regular basis to the Board and its Audit Committee.**

#### **2.5 Further improvements in governance, risk management and internal control have been agreed by Management as highlighted in Internal Audit reports and recommendations made during the year or outstanding from previous years. Internal Audit will continue to follow-up progress on their implementation and provide periodic progress reports.**

### **3 MIJB Internal Audit Annual Plan 2017/18 Delivery**

- 3.1 The Internal Audit assurance activities undertaken for MIJB during 2017/18 focussed on the following key risk areas:
- Transformational Funding (Financial Assurance audit - A review of the process for the provision of transformational funding for the MIJB and an examination of how money specifically set aside for transformation has been used; undertaken by NHS Lothian Internal Audit section).
  - Performance (Strategic Assurance audit – A review of the Performance management and monitoring arrangements with particular emphasis on the Annual Performance Report (setting out how effectively the MIJB has improved the National Health and Wellbeing Outcomes described within the MIJB Strategic Plan) issued to the Scottish Government by the end of July 2017; undertaken by Midlothian Council Internal Audit function).
  - Directions (Strategic Assurance audit - A review of the Directions provided by the MIJB to Partner organisations (NHS Lothian and Midlothian Council) and performance in delivering against these; undertaken by NHS Lothian Internal Audit section).
- 3.2 During the year Midlothian Council Internal Audit function resources were also deployed in undertaking the following Annual Audit work:
- Recommendation Follow-Up Reviews (Two reviews were undertaken: The first noted performance against closing issues by the agreed due date while the second included a sample check on the adequacy of actions taken against issues which are flagged as closed, to check that recommendations have been implemented and to ensure that the new controls had the desired effect on improving control, risk and governance).
  - Review of Corporate Governance (Tested a sample of the key elements in the Local Code of Corporate Governance to determine whether these are operating as described. The results from this testing are included in the Annual Governance Statement).
  - Annual Assurance Report (Prepared an annual report for the MIJB Audit and Risk Committee summarising the work undertaken by the Internal Audit section and forming an opinion on the adequacy of the MIJB's control environment).
  - Assessment of Internal Audit against PSIAS (See Section 4 below).
  - Help Desk Enquiry System (Guidance and advice was provided on request to Management on governance and internal controls).
  - Planning for 2018/19 (Development of the Internal Audit Annual Plan for 2018/19).
  - Attendance at MIJB Board meetings and MIJB Audit and Risk Committee (Provision of independent Internal Audit assurance, support and advice).
- 3.3 For assurance purposes the MIJB Audit and Risk Committee was made aware of reports by other bodies that relate to the business of the MIJB including those by the Partners' Internal Auditors, Audit Scotland and other reports by the Scottish Government.

### **4 Public Sector Internal Audit Standards (PSIAS)**

- 4.1 The Internal Self-Assessment of practices against the professional standards PSIAS and an External Quality Assessment Peer Review by Highland Council during the year have indicated that Midlothian Council Internal Audit function conforms with the Definition of Internal Auditing, Code of Ethics, Attribute Standards and Performance Standards.

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**4 June 2018**