

# Midlothian Integration Joint Board Audit and Risk Committee



**Thursday 5 December 2019, 1.30pm**

## **Progress Update on Delivery of Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2019/20**

**Item number: 5.2**

### **Executive summary**

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The purpose of this report is to present to the Midlothian IJB Audit and Risk Committee an update on progress with the delivery of the Internal Audit Annual Plan 2019/20 for the Midlothian Health and Social Care Integration Joint Board (MIJB).

**The Midlothian IJB Audit and Risk Committee is therefore asked to:**

- (a) Note the progress Internal Audit has made by the mid-year point with activity in the approved Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2019/20 (Appendix 1);**
  - (b) Approve the revised Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2019/20 (Appendix 1) that reflects the auditor resources set out in this report and is deliverable; and**
  - (c) Consider the list of Internal Audit reports by partners' Internal Auditors presented to their respective Audit Committees that are relevant to MIJB for assurance purposes (Appendix 2), consider the assurances contained therein, and provide any commentary thereon.**
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## Progress Update on Delivery of Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2019/20

### 1 Purpose

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- 1.1 The purpose of this report is to inform the Midlothian IJB Audit and Risk Committee of the progress Internal Audit has made, in the first 6 months of the year to 30 September 2019, towards completing the Internal Audit Annual Plan 2019/20 for the Midlothian Health and Social Care Integration Joint Board (MIJB).

### 2 Recommendations

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- 2.1 Members of the MIJB Audit and Risk Committee are therefore asked to:
- a) Note the progress Internal Audit has made by the mid-year point with activity in the approved Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2019/20 (Appendix 1);
  - b) Approve the revised Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2019/20 (Appendix 1) that reflects the auditor resources set out in this report and is deliverable; and
  - c) Consider the list of Internal Audit reports by partners' Internal Auditors presented to their respective Audit Committees that are relevant to MIJB for assurance purposes (Appendix 2), consider the assurances contained therein, and provide any commentary thereon.

### 3 Background and main report

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- 3.1 The Public Sector Internal Audit Standards (PSIAS) require the MIJB's Chief Internal Auditor to prepare an annual report that incorporates the statutory audit 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.
- 3.2 The Midlothian IJB Internal Audit Annual Plan 2019/20 approved by the MIJB Audit and Risk Committee on 7 March 2019 includes sufficient work to enable the MIJB Chief Internal Auditor to prepare the statutory independent and objective audit opinion to the year ending 31 March 2020.
- 3.3 Since March 2019 various discussions have been held between NHS Lothian Internal Audit, MIJB Chief Internal Auditor, and MIJB Chief Officer. This has resulted in confirmation that NHS Lothian Internal Audit will provide 30 days to support the delivery of the MIJB Internal Audit Annual Plan 2019/20.

- 3.4 The Appendix 1 to this report provides details of the half yearly progress by Internal Audit with its work activity to deliver the approved MIJB Internal Audit Annual Plan 2019/20. Those audits which are underway to reflect their continuous audit approach are highlighted in light shading and those scheduled for the second half of the year are not shaded. The audit days allocated to specific activity have been updated to reflect the confirmed 30 days audit resources from NHS Lothian Internal Audit that was not reflected in the approved MIJB Internal Audit Annual Plan 2019/20, and the consequential reallocation of MLC Internal Audit resources to other planned assurance audit (highlighted). These amendments require formal approval by the MIJB Audit and Risk Committee.
- 3.5 The continuous audit approach which is applied to Internal Audit work for the MIJB enables Internal Audit to provide added value advice on internal controls and governance and 'critical friend' consultancy services as the MIJB continues to develop its governance and transforms its service delivery.
- 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. This includes the existing mechanisms embedded within both NHS Lothian and Midlothian Council for provision of Internal Audit assurances to their respective Audit Committees.
- 3.7 The Appendix 2 to this report provides the list of Internal Audit reports by partners' Internal Audit providers (MLC Internal Audit for Midlothian Council; Grant Thornton for NHS Lothian) that have been presented to their respective Audit Committees within the first half year 2019/20 which are relevant to MIJB for assurance purposes, with a summary of assurances contained therein. The MIJB Chief Internal Auditor will take account of these assurances from partners' Internal Auditors to provide assurance to the MIJB.

## **4 Policy Implications**

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- 4.1 The Midlothian Integration Joint Board (MIJB), established as a separate legal entity as required by the Public Bodies (Joint Working) (Scotland) Act 2014, 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.
- 4.2 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.

## **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 the Council's Internal Audit team which has a shared service arrangement with Scottish Borders Council including the appointed MIJB Chief Internal Auditor, with support from NHS Lothian Internal Audit team. Staff assigned to perform the MIJB Internal Audit work hold relevant professional qualifications and have the necessary experience, knowledge, skills and technical competencies needed to complete the audit work.
- 6.3 The Midlothian IJB Internal Audit Annual Plan 2019/20 approved by the MIJB Audit and Risk Committee on 7 March 2019 was based on the assumption that Midlothian Council's Internal Audit function provides 70 days to support the delivery of the Plan, with NHS Lothian Internal Audit team not confirmed at that time. The latter has since been confirmed as provision of 30 days, and this has been reflected in the revised Plan (Appendix 1).

## 7 Risk

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- 7.1 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. As in previous years, to capture potential areas of risk and uncertainty more fully, key stakeholders have been consulted. This exercise is informed by key developments at both a national and local level and other relevant background information, for example the Strategic Plan. Discussions with the MIJB's Chief Officer and Chief Financial Officer will continue on a regular basis to ensure Internal Audit assurance meet the needs of the MIJB and Management and other key stakeholders. The MIJB Internal Audit Annual Plan 2019/20 has been informed by the risks, controls and mitigation actions as set out within the IJB's Strategic Risk Register to ensure that Internal Audit plans are risk-based and provide relevant assurance.
- 7.2 The PSIAS require Internal Audit to evaluate the effectiveness of the MIJB's Risk Management arrangements and contribute to improvements in the process. Each Internal Audit assignment will be risk-based and will test the MIJB's management of risk.
- 7.3 The MIJB Internal Audit Annual Plan 2019/20 should be considered to be flexible and has been periodically reviewed to ensure it reflects any new arrangement or changing risks and priorities. The confirmation of audit resources from NHS Lothian Internal Audit and reallocation of Midlothian Council Internal Audit mean that there are amendments relating to the MIJB Internal Audit Annual Plan 2019/20 and these have been reflected in the revised Plan (Appendix 1) that require approval by the MIJB Audit and Risk Committee.
- 7.4 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 made during the year or outstanding from previous years.

- 7.5 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.

## 8 Involving people

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- 8.1 The MIJB Chief Officer, Chief Finance Officer and Integration Manager have received this update report to assist them in discharging their roles and responsibilities.

## 9 Background Papers

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- 9.1 Midlothian IJB Internal Audit Annual Plan 2019/20 (approved by the MIJB Audit and Risk Committee on 7 March 2019)

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<b>DATE</b>	15 November 2019

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