

Midlothian Integration Joint Board Audit and Risk Committee



2 December 2021 at 2pm

Progress Update on Delivery of Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2021/22

Item number: 5.6

Executive summary

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 2021/22 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 2021/22 (Appendix 1); and**
 - (b) 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 2021/22

1 Purpose

- 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 2021, towards completing the Internal Audit Annual Plan 2021/22 for the Midlothian Health and Social Care Integration Joint Board (MIJB).

2 Recommendations

- 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 2021/22 (Appendix 1); and
 - b) 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

- 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 2021/22 approved by the MIJB Audit and Risk Committee on 4 March 2021 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 2022.
- 3.3 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 2021/22. 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 scope of the audit to be provided by NHS Lothian Internal Audit team is yet to be determined.

- 3.4 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.
- 3.5 In addition to its own governance arrangements, the MIJB places reliance on the governance arrangements adopted by NHS Lothian and Midlothian Council, the partners. This includes the existing mechanisms embedded within both NHS Lothian and Midlothian Council for provision of Internal Audit assurances to their respective Audit Committees.
- 3.6 The Appendix 2 to this report provides the list of Internal Audit reports by partners' Internal Audit providers (MLC Internal Audit for Midlothian Council; NHSL Internal Audit for NHS Lothian) that have been presented to their respective Audit Committees within the second half year 2020/21 and the first half year 2021/22 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 Directions

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

5 Equalities Implications

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

6 Resource Implications

- 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 Scottish Borders Council, including the appointed MIJB Chief Internal Auditor, with support from NHS Lothian Internal Audit team.

7 Risk

- 7.1 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.
- 7.2 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.

- 7.3 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. The MIJB Internal Audit Annual Plan 2021/22 has been informed by the risks, controls and mitigation actions as set out within the MIJB's Strategic Risk Register and key stakeholders have been consulted to capture potential areas of risk and uncertainty more fully. 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 Finance Officer will continue on a regular basis to ensure Internal Audit plans are risk-based and provide relevant assurance.
- 7.4 The PSIAS require Internal Audit to evaluate the effectiveness of the MIJB's Risk Management arrangements and contribute to improvements in the process.
- 7.5 The MIJB Internal Audit Annual Plan 2021/22 should be considered to be flexible and has been periodically reviewed to ensure it reflects any new arrangement or changing risks and priorities. Discussions will continue with MIJB Management and the MIJB Audit and Risk Committee to determine the scope of the audit to be provided by NHS Lothian Internal Audit team using a risk-based approach to ensure that Internal Audit assurance continues to add value.
- 7.6 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.
- 7.7 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

- 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

- 9.1 Midlothian IJB Internal Audit Annual Plan 2021/22 (approved by the MIJB Audit and Risk Committee on 4 March 2021)

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