

Midlothian IJB Audit and Risk Committee



7 December 2023 at 2pm

MIJB Recommendations Internal Audit Follow-Up Review - Completed Actions & In Progress Actions

Item number:	Agenda number
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Executive summary

This report details the MIJB's reported performance in addressing and closing the issues and recommendations raised by Internal Audit.

Good progress has been made by Management during the year with the completion of 7 recommendations (including longstanding actions from prior years) summarised in Appendix 1. Two previous audit actions from 2021/22 have been superseded by the audit actions raised in the Midlothian IJB Medium-term Financial Planning audit undertaken in June 2023. These audit actions were in relation to updating the Financial Strategy to address significant deficits indicated in the Medium-term Financial Plan which was presented to the MIJB meetings in December 2022, March 2023 and June 2023. In addition, a Finance Update for Q1 2023/24 was presented to the MIJB in August 2023. The IJBs strategic risk register includes financial sustainability as a key risk to the IJB's delivery of its strategic plan and the risk register was reported to the MIJB Audit and Risk Committee in June 2023. Changes in statutory guidance for Directions were introduced in 2020. These changes have now been adopted and the MIJB approved the 2023-24 Directions in March 2023. In addition, a high-level interim report on progress towards each Direction is provided to the MIJB. The Health and Social Care Partnership workforce plans have been reflected in service plans. The MIJB approved the new Performance Framework in February 2023. The MIJB's Performance Management Framework is now aligned to the Strategic Plan and further work is underway to roll out the performance system across services to capture data. The Improvement Goal reports which detail progress made on achieving the IJB performance goals are also presented to MIJB meetings.

There are currently 2 remaining in-progress Internal Audit Recommendations for the MIJB which are summarised in Appendix 2. These relate to: developing a documented financial planning process that records the timeline and critical steps required for the prompt development of the Medium-term Financial Plan for the IJB; and the Medium-term

Financial Plan should be developed to include a more explicit link to the MIJB Strategic Plan and its priorities for the years ahead.

The Internal Audit team will continue to monitor progress by Management with implementation of Internal Audit recommendations.

The Midlothian IJB Audit and Risk Committee is asked to:

- **Acknowledge the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance, and mitigate risks;**
- **Consider whether it is satisfied with the progress made by Management and any other actions required; and**
- **Note that Internal Audit will continue to monitor the completion of the outstanding recommendations and will provide update reports to the MIJB Audit and Risk Committee.**

MIJB Recommendations Internal Audit Follow-Up Review - Completed Actions & In Progress Actions

1 Purpose

1.1 The purpose of this report is to:

- Inform the MIJB Audit and Risk Committee of the number of recommendations raised by Internal Audit for the MIJB that are in progress;
- Note the MIJB's reported performance in addressing the associated internal control and governance issues by the agreed implementation; and
- Highlight the main governance and financial risks where recommendations are found to be outstanding.

2 Recommendations

2.1 The MIJB Audit and Risk Committee is asked to:

- Acknowledge the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance, and mitigate risks;
- Consider whether it is satisfied with the progress made by Management and any other actions required; and
- Note that Internal Audit will continue to monitor the completion of the outstanding recommendations and will provide update reports to the MIJB Audit and Risk Committee.

3 Background

- 3.1 Internal Audit suggests recommendations for improving internal control and to assist the MIJB deliver against its objectives. Where MIJB Management agree these recommendations, the actions are input to Pentana (Midlothian Council's performance management system) along with a date by which Management should have completed the agreed action.
- 3.2 MIJB Management are responsible for acting on the recommendations by the agreed due date and when complete, closing the recommendation on the Pentana Performance system. The Internal Audit plan includes follow up activity in relation to recommendations made and checks the completed recommendations to determine whether they have been implemented satisfactorily and thus give assurance over the ongoing improvement of internal control, risk management and governance arrangements. The follow-up of completed recommendations is noted in this report.
- 3.3 Internal Audit continues to meet with MIJB officers on a regular basis to follow-up on Management progress with implementation of the remaining recommendations.

This enables discussions for agreeing extensions to due dates to ensure that Internal Audit has an oversight of this to further add value and to provide a visible audit trail in the Pentana Performance system.

4 Performance

4.1 Completed Actions

Good progress has been made by Management during the year with the completion of 7 recommendations (including longstanding actions from prior years) summarised in Appendix 1. Two previous audit actions from 2021/22 have been superseded by the audit actions raised in the Midlothian IJB Medium-term Financial Planning audit undertaken in June 2023. These audit actions were in relation to updating the Financial Strategy to address significant deficits indicated in the Medium-term Financial Plan which was presented to the MIJB meetings in December 2022, March 2023 and June 2023. In addition, a Finance Update for Q1 2023/24 was presented to the MIJB in August 2023. The IJBs strategic risk register includes financial sustainability as a key risk to the IJB's delivery of its strategic plan and the risk register was reported to the MIJB Audit and Risk Committee in June 2023. Changes in statutory guidance for Directions were introduced in 2020. These changes have now been adopted and the MIJB approved the 2023-24 Directions in March 2023. In addition, a high-level interim report on progress towards each Direction is provided to the MIJB. The Health and Social Care Partnership workforce plans have been reflected in service plans. The MIJB approved the new Performance Framework in February 2023. The MIJB's Performance Management Framework is now aligned to the Strategic Plan and further work is underway to roll out the performance system across services to capture data. The Improvement Goal reports which detail progress made on achieving the IJB performance goals are also presented to MIJB meetings.

4.2 In-Progress Actions

There are currently 2 remaining in-progress Internal Audit Recommendations for the MIJB which are summarised in Appendix 2. These relate to: developing a documented financial planning process that records the timeline and critical steps required for the prompt development of the Medium-term Financial Plan for the IJB; and the Medium-term Financial Plan should be developed to include a more explicit link to the MIJB Strategic Plan and its priorities for the years ahead.

4.3 Internal Audit will continue to monitor progress by Management with the implementation of Audit recommendations.

5 Directions

5.1 There are no Directions implications arising from this report.

6 Equalities Implications

6.1 There are no direct equalities implications arising from this report.

7 Resource Implications

- 7.1 There are no direct resource implications arising from the proposals in this report.

8 Risk

- 8.1 The recommendations made by Internal Audit are directly related to reducing the level of risk to which the MIJB is exposed. These recommendations were raised to reduce financial, reputational, strategic and governance risks.

9 Involving people

- 9.1 The MIJB Chief Officer, Chief Finance Officer, and Integration Manager have been involved in progressing the implementation of the Internal Audit recommendations and have reviewed this report in advance of its consideration by the MIJB Audit and Risk Committee.

10 Background Papers

- 10.1 Two follow-up audit recommendations reports are presented to the MIJB Audit and Risk Committee each year in accordance with the approved MIJB Internal Audit Annual Plan 2023/24. This year we have combined the two follow-up audit recommendations (Completed Actions and In-progress Actions) into one report.

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