

Below is the list of Internal Audit reports by partners' Internal Audit providers (MLC Internal Audit for Midlothian Council; NHS Lothian Internal Audit for NHS Lothian) that have been presented to their respective Audit Committees within the second half year 2021/22 which are relevant to MIJB for assurance purposes, with a summary of assurances contained therein.

Partner Committee	Audit Title	Audit Objective	Internal Audit Summary Findings and Conclusions
Midlothian Council Audit Committee 7 December 2021 (Source: Midlothian Council website Committee meetings)	Risk Management	To review the process for identifying, evaluating, controlling / mitigating, recording, monitoring and reporting risks that potentially have a detrimental impact on the effective and efficient delivery of Services, to review risk management policy, strategy, training and toolkits, and to assess risk registers.	Substantial assurance in relation to Risk Management policy, and application of principles at Strategic level, and Limited assurance in relation to provision of Risk training for Managers, inconsistent application of systematic risk management at Service operational level, and 2nd line monitoring for assurance purposes. Six medium recommendations which are designed to improve the application of the Risk Management framework were agreed.
	Performance Management Local Government Benchmarking Framework (LGBF)	To provide independent validation of performance indicators and benchmarking information, specifically to ensure accuracy of data of the 15 indicators submitted within LGBF SPI return to the Improvement Service for Local Government Benchmarking Framework (LGBF). This audit did not cover the full LGBF process.	Limited assurance on the LGBF SPI return; testing of 9 performance indicators highlighted that 8 were either inaccurate, incomplete, based on historic data, or did not conform with the criteria stipulated in the LGBF data collection guidance. Within some Services there was a lack of procedures over the generation of the indicators, a lack of quality assurance checks, and there was not always an audit trail detailing how the indicators were calculated. Two medium recommendations were agreed with Management.
Midlothian Council Audit Committee 25 January 2022 (Source: Midlothian Council website Committee meetings)	Income Collection	To review the collection of income and the Council's compliance with the Payment Card Industry Data Security Standard (PCI DSS) Standards. The audit included a review of the Parent-Pay system, and a follow up of the 4 recommendations made in the Sales to Cash audit issued in May 2019.	Substantial assurance. There are adequate and effective systems of control for the identification, recording and banking of income, and any payments which do not reconcile are investigated. The Council is not yet fully PCI compliant. The risk of card data compromise has been reduced significantly through outsourcing of the card payment processes to third party processors and by applying additional technical and organisational controls.

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<p>Midlothian Council Audit Committee</p> <p>14 March 2022</p> <p>(Source: Midlothian Council website Committee meetings)</p>	<p>Business Continuity Framework</p>	<p>At a high level to review the process for setting, testing, reviewing and updating Business Continuity Plans (including ICT disaster recovery strategies and plans) to ensure the delivery of business critical services across the Council, that they are aligned with requirements and that they are fit for purpose.</p>	<p>Limited assurance. The Business Continuity Management Policy requires review and update. A programme of testing has not been developed to validate the effectiveness of Business Continuity Plans and solutions. There have been no testing exercises of plans undertaken for at least five years (at least three for ICT). Lessons learned from Covid pandemic response provide some opportunity to make improvements to business continuity processes.</p> <p>Two high recommendations have been agreed with Management.</p>
	<p>ICT and Cyber Security</p>	<p>To assess the ICT and cyber security arrangements associated with the Council's network and Digital Services' support towards the ICT and cyber security arrangements of the Council, including policy and guidelines, physical and operational controls, business continuity and disaster recovery arrangements, and third party access.</p>	<p>Substantial assurance (ICT policies, guidance, training, risk management; physical, environmental, operational, and system enforced ICT security controls; backup systems; and ICT and cyber security controls over the Council's network); and Limited (ICT business continuity and disaster recovery arrangements, and the current level of resources available to support cyber-security). Aspects of Midlothian's ICT controls are externally reviewed annually through the Public Sector Network review and the Cyber Essentials review. One high and one medium recommendation.</p>
	<p>Internal Audit Charter</p>	<p>To define the purpose, authority and responsibility of the Internal Audit activity, consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards in the PSIAS.</p>	<p>The Internal Audit Charter has been updated in conformance with the PSIAS for approval to ensure that Internal Audit is tasked to carry out its role in accordance with best practice.</p> <p>NB The Internal Audit Charter is applicable to the work carried out for MIJB by the Midlothian Council Internal Audit function.</p>
	<p>Internal Audit Strategy and Annual Plan 2022/23</p>	<p>To set out the Chief Audit Executive's strategy for discharging the Internal Audit role and providing the statutory annual assurance opinions, and propose the planned programme of Internal Audit work for the year.</p>	<p>The Internal Audit Strategy to meet the Internal Audit Charter and the proposed Internal Audit Annual Plan 2022/23 that sets out the range and breadth of audit areas and sufficient work to enable the CAE to prepare Internal Audit annual opinions. Key components of the audit planning process include a clear understanding of the functions, associated risks, and assurance framework.</p> <p>NB The Internal Audit Strategy is applicable to the work carried out for MIJB by the Midlothian Council Internal Audit function, associated with the MIJB Internal Audit Annual Plan 2022/23.</p>

Partner Committee	Audit Title	Audit Objective	Internal Audit Summary Findings and Conclusions
<p>NHS Lothian Audit and Risk Committee</p> <p>23 August 2021</p> <p>(Source: NHS Lothian website Key Documents > Audits)</p>	<p>Responding to Emergencies</p>	<p>To assess the design of controls in place for NHS Lothian’s resilience plans, including how this considers other stakeholders such as the IJBs. To review NHS Lothian’s resilience plans, including any testing activities undertaken as well as how lessons learned exercises have informed the plans, to ensure readiness for COP26.</p>	<p>The review received Moderate Assurance.</p> <p>NHS Lothian have clear controls and processes in place to allow them to respond to an emergency if followed. Planning for such an event has been carried out at different levels with an overarching strategic approach prepared. NHS Lothian can demonstrate it has worked well with other stakeholders such as Police Scotland, Scottish Ambulance Service, Local Government etc. helping to plan an effective multi agency approach to emergency situations. The executive team are prepared to respond in an emergency situation. Each year they are involved in exercises to practice the emergency response protocols. There has been a virtual control room set up since the Covid 19 pandemic and virtual tours of this have taken place for executive team members.</p> <p>Four recommendations (2 Medium; 2 Low) have been agreed with Management to improve the detail of strategic level plans and the review process of operational plans.</p>
	<p>Property Transaction Monitoring</p>	<p>To consider whether NHS Lothian has fully complied with the relevant provisions set out within the NHS Scotland Property Transactions Handbook. The review should include all acquisitions and disposals during the previous financial year, whether by purchase, lease or exchange.</p>	<p>The review received Significant Assurance.</p> <p>NHS Lothian has concluded three property transactions during the financial year 2020/21 (2 Disposals; 1 Acquisition by Lease). The Board has complied with the procedures as set out in the Handbook and each transaction can be rated as “A – The transaction has been properly conducted”.</p> <p>One Low-rated recommendation was made to improve timeliness of the completion of the property certification relating to the Acquisition by Lease property transaction.</p>

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<p>NHS Lothian Audit and Risk Committee</p> <p>22 November 2021</p> <p>(Source: NHS Lothian website Key Documents > Audits)</p>	<p>Violence and Aggression</p>	<p>To focus on the design and operating effectiveness of the controls in place to protect staff from violence and aggression, including how the Violence and Aggression and Lone Working policies in place are applied and assurance achieved over the controls. Internal Audit mapped, using the policies and other documented procedures, the end to end controls in place to protect employees and validated the operation of these controls, including the sources of assurances, which exist throughout the control environment.</p>	<p>The review received Limited Assurance.</p> <p>Overall, there is a reasonable framework of control around the Board’s management of violence and aggression. Policies are in place to direct staff on their individual roles and responsibilities, which if followed should minimise the possibility of staff exposure to incidents of violence and aggression. However, some issues on the application of the controls have been noted including areas of non-compliance with the policies in relation to the accurate completion of risk assessments, the completion of required training and the use, or otherwise, of lone-working devices.</p> <p>Seven recommendations (3 High; 3 Medium; 1 Low) have been agreed with Management to improve the application of the controls.</p>
<p>NHS Lothian Audit and Risk Committee</p> <p>21 February 2022</p> <p>(Source: NHS Lothian website Key Documents > Audits)</p>	<p>Payroll</p>	<p>To evaluate the adequacy and effectiveness (design and operation) of the key internal controls over payroll and overtime processing.</p> <p>NHS Lothian has recently implemented the Electronic Employee Support Service (eESS). eESS is the NHS Scotland Human Resource Information System which links to other systems such as the Scottish Standard Time System (SSTS), Payroll, and LearnPro. It is used for managing employee information and undertaking core Human Resource, Payroll and learning management transactions relating to an employee’s employment with NHS Lothian.</p>	<p>The review received Limited Assurance.</p> <p>Whilst there is a framework of control around the administration and management of Payroll, it was identified that no monitoring is undertaken to be assured that budget managers are reviewing the reports which inform them if their WTE payments against their budgets are accurate. The Payroll Desktop Instructions have not been updated to reflect the hybrid/agile working pattern. More significantly ePayroll was not updated to reflect the changes to the December 2021 paydate. This resulted in the intended pay date being missed by one day. Management are currently undertaking a lessons learned exercise to fully understand how the payment date was missed on this occasion.</p> <p>Three recommendations (1 High; 1 Medium; 1 Low) have been agreed with Management to address the issues raised.</p>

The MIJB Chief Internal Auditor has taken account of these assurances from partners’ Internal Audit providers to provide the statutory Internal Audit assurance to the MIJB.