

Below is 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 second half year 2019/20 and the first half year 2020/21 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 3 December 2019 (Source: Midlothian Council website Committee meetings)	Internal Audit Recommendations Progress Report	To inform the Audit Committee of the number of recommendations raised by Internal Audit over the last 4 years and the Council's performance in addressing these issues by the agreed implementation dates.	Over the period 2016/17 to October 2019, Internal Audit raised a total of 391 recommendations: 339 are reported as having been completed (87%); 43 have not yet reached their due date (11%); and 9 are showing as overdue (2%).  CMT had a discussion on the overdue actions, the reasons why they were not completed by the original due date, and risk mitigations in place in the interim. In accordance with the new Protocol, revised due dates for completion of the overdue Internal Audit recommendations have been proposed by relevant Management, were discussed at CMT, and have been agreed by Internal Audit based on the further work required to implement these recommendations in full.
Midlothian Council Audit Committee 28 January 2020 (Source: Midlothian Council website Committee meetings)	Social Care Income Charging, Billing and Collection	To assess the mechanisms in place to raise charges for Social Care clients in a timely manner and the process of collection and recovery of those charges, including the reliance upon various elements, namely: Care Plan, Funding, Contract and Financial Assessment.	Substantial Assurance in terms of the arrangements to undertake financial assessments, arrange billing, make payments to suppliers; and update service charges and benefit rates each year. There is a segregation of duty between the staff processing and authorising the financial assessment information on Mosaic system. The financial assessment forms that were tested were fully completed and comprehensive procedures are available for staff undertaking financial assessments.  Three recommendations (3 Low) have been agreed with Management to make improvements.

Partner Committee	Audit Title	Audit Objective	Internal Audit Summary Findings and Conclusions
<p>Midlothian Council Audit Committee</p> <p>28 January 2020 (cont'd)</p>	Electronic Payments	To review the security and authorisation controls, including segregation of duties, over the Council's electronic payment systems. The audit included a review of the Council's response to the Audit Scotland Report: Report on a Significant Fraud-Dundee City Council (Audit Scotland, March 2018).	<p>Substantial assurance. Largely satisfactory controls are in place including policies and procedures, reconciliation and exception reporting, segregation of duties applied, access permissions, and the security of relevant files to ensure the integrity of payments made by the Council. There is, however, some scope for continued improvement such as documenting the business continuity plan, procedure mapping the flow of all transactions (document still in development), more regularly reviewing access permissions, and an updated assessment of the security of the BACS file for 2 applications.</p> <p>Six recommendations (2 Medium; 4 Low) have been agreed with Management to address the control issues raised.</p>
<p>Midlothian Council Audit Committee</p> <p>10 March 2020 (Source: Midlothian Council website Committee meetings)</p>	Procurement and Management of Contracts	To review the high level controls and governance arrangements surrounding the Procurement and Management of Contracts.	<p>Limited Assurance (Risk, control, and governance systems have some satisfactory aspects; however, there are some significant issues likely to undermine the achievement of objectives).</p> <p>The Procurement team has undergone a significant turnover of staff over the past year and lacks the capacity and resilience to deliver its strategic priorities. There are a number of contracts that have expired and have not been retendered, there are delays undertaking tender exercises, and there is a lack of oversight of other areas undertaking tender exercises. There is no system in place to manage contracts from cradle to grave and no dedicated contract monitoring resource. There is a lack of formal reporting of any contract monitoring undertaken by Services and the Procurement team does not have oversight of this.</p> <p>Six recommendations (3 High; 3 Medium) have been agreed with Management to address the control issues raised.</p>

Partner Committee	Audit Title	Audit Objective	Internal Audit Summary Findings and Conclusions
<p>Midlothian Council Audit Committee 10 March 2020 (cont'd)</p>	<p>Change and Transformation Programme</p>	<p>To review progress made with the implementation of improvements to ensure that the governance and accountability arrangements for transformation are effective.</p>	<p>Since our previous report considerable work has been undertaken to improve processes for delivering the transformation programme, though this will take time to embed before benefits are fully realised. The Chief Executive, supported by Senior Officers, is providing the impetus for change in order for the Council to deliver quality services on a financially sustainable basis. Governance arrangements are in place to monitor the delivery of the various initiatives within the transformation programme, but their efficiency and effectiveness could be further improved. The four recommendations made in our previous report are shown as 100% complete based upon the development and approval of the Medium Term Financial Strategy (MTFS). Limited assurance: Concerns exist over delivering all savings, in particular efficiency savings; and savings are not sufficiently ambitious and are not suitably cross cutting.</p> <p>Six further recommendations (5 High; 1 Medium) have been agreed with Management to address the risk, control and governance issues raised.</p>
	<p>Business Planning, Budget Setting and Monitoring</p>	<p>To evaluate the implementation of improvements to ensure that budgets set for 2019/20 are sustainable and based on realistic plans which are subjected to appropriate scrutiny and challenge.</p>	<p>Since our previous report work is ongoing to improve processes for budgetary control, though this will take time to embed before benefits are fully realised. Action has been taken to attempt to stabilise the Council's financial position; driven by the Chief Executive supported by Senior Officers and the Financial Services team. Five of the seven recommendations made in our previous report have been implemented whilst two remain incomplete. Limited Assurance relating to budgets set for 2019/20 and associated monitoring and reporting processes. Risk, control, and governance systems have some satisfactory aspects. Some improvements have been made in the last 9 months as noted above though further improvements are required.</p> <p>Three further recommendations (1 High; 2 Medium) have been agreed with Management to address the risk, control and governance issues raised.</p>

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<p>Midlothian Council Audit Committee</p> <p>22 June 2020</p> <p>(Source: Midlothian Council website Committee meetings)</p>	Community Empowerment	To review the implementation of the requirements of the Community Empowerment (Scotland) Act 2015.	<p>The Community Planning Partnership (CPP) has prepared and published a local outcomes improvement plan (LOIP) - 'The Single Midlothian Plan' and locality plans following consultation with the community. Good progress has been made with implementing the other requirements of the Act. Reports have been produced and published in accordance with the requirements set out in the Community Empowerment Act (Parts 2, 3 and 5) which stipulates the frequency, content and publication of reports.</p> <p>Substantial Assurance (Largely satisfactory risk, control, and governance systems are in place. There is, however, some scope for improvement as current arrangements could undermine the achievement of objectives). Management are working on actions to address two issues, thus no recommendations.</p>
	Internal Audit Annual Assurance Report 2019/20	To provide the statutory annual Internal Audit opinion on the adequacy of Midlothian Council's overall control environment.	<p>The systems of internal control and governance are generally adequate with improvements having been made during the year. The implementation of further Audit recommendations as part of a culture of continuous improvement is of importance particularly relating to the strategic governance arrangements that underpin procurement and contract management, financial management, workforce development, and delivery of change &amp; transformation.</p> <p>The Local Code has been updated as part of Internal Audit's assessment of internal control and governance to include comprehensive evidence against each of the seven principles of good governance and sub-principles. Corporate and Service Risk Registers are subject to regular review by those Managers who are allocated the responsibilities for managing individual risks.</p> <p>The Financial Regulations (approved July 2012), and associated policies and procedures need to be reviewed and updated. Improvements over the capital planning arrangements are required to apply the Accounts Commission good practice guide 'Major capital investment in Councils'.</p> <p>The annual Internal Audit opinion has been used to inform the Chief Executive's Annual Governance Statement 2019/20.</p>

Partner Committee	Audit Title	Audit Objective	Internal Audit Summary Findings and Conclusions
<p>Midlothian Council Audit Committee</p> <p>12 October 2020</p> <p>(Source: Midlothian Council website Committee meetings)</p>	<p>ICT Operational Processes</p> <p>(2019/20 audit – deferred report re Covid)</p>	<p>To evaluate the change / incident / problem management operational controls to ensure they are designed appropriately and that all parties are adhering to them. This included an assessment of the response to the Audit Scotland report “Principles for a digital future: Lessons learned from public sector ICT Projects” (May 2017).</p>	<p>Substantial assurance for incident and problem management and the framework for the Service’s assessment against best practice. Effective processes to ensure ICT incidents and problems are appropriately logged and addressed. Severe incidents are reported to the Council’s Risk Management Group (RMG) and action plans are developed in response to these and progress is tracked. Service has participated in various external and self-assessment exercises, including annual Public Sector Network (PSN) certification.</p> <p>Limited assurance for change and project management. Weaknesses were noted with the governance of the Digital Led Transformation Group (DLTG) which has not met since May 2019, project prioritisation processes, consistency and completeness of project documentation, and closure reporting. One medium rated recommendation has been agreed with Management to improve the governance arrangements.</p>
	<p>Information Governance - Records Management</p> <p>(2019/20 audit – deferred report re Covid)</p>	<p>To assess the effectiveness of the governance, risk management and control processes over the management of the Council’s records and archives.</p>	<p>The Council’s first Records Management Plan (RMP) was approved by the Keeper in June 2014. The Keeper recommended the publication of the RMP as an example of good practice. The Council participated in a Progress Update Review (PUR) with the Keeper in 2019. The PUR mechanism is designed to provide a platform through which authorities can receive feedback and advice from the Keeper’s Assessment Team following any internal self-assessment of their agreed RMP. The report noted that the Council continues to take its records management obligations seriously and is working to bring all elements into full compliance with the Act and fulfil the Keeper’s expectations.</p> <p>Substantial Assurance for the majority of the elements in the Council’s records management plan and Limited Assurance for specific low risk controls including quality assurance of the Information Asset Registers, training of staff, and a formal action plan for reporting progress to Senior Management.</p> <p>Five recommendations (1 Medium; 4 Low) have been agreed with Management to improve processes and practices.</p>

Partner Committee	Audit Title	Audit Objective	Internal Audit Summary Findings and Conclusions
<p>Midlothian Council Audit Committee 12 October 2020 (cont'd)</p>	<p>Internal Audit Follow-Up of Completed Recommendations</p>	<p>To provide an update on the status of the implementation by Management of audit recommendations made and agreed in Internal Audit reports in previous years to improve internal controls and governance.</p>	<p>From the 36 recommendations tested, 1 (3%) was not completed, 28 (78%) were found to have been completed satisfactorily and 7 (19%) were identified as partially satisfactory requiring further work. A key factor for Management to enable and evidence sustained controls is having documented processes, workflows or checklists that are up-to-date and published where they are accessible to ensure there is awareness of the expected control (first line); supplemented by Management oversight and monitoring that arrangements and controls are operating effectively (second line). This is of particular importance for Midlothian Council at a time of rapid change in personnel, roles and structures within the organisation.</p> <p>The Corporate Management Team considered the Internal Audit follow-up findings on 9 September 2020. It was agreed that Internal Audit would work with Directors as a critical friend to ensure the remaining elements of the audit actions are fully completed or a sustained control is established, to assist with continuous improvement.</p>

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<p>NHS Lothian Audit and Risk Committee</p> <p>25 November 2019</p> <p>(Source: NHS Lothian website Key Documents &gt; Audits)</p>	Quality Strategy	<p>To review the controls in place to monitor the delivery and implementation of the Board's Quality Strategy, with a focus on the controls in place across NHS Lothian to provide assurance that the Quality Strategy is being implemented. Particular focus on the governance arrangements from the 2018/19 programmes / networks and how they have contributed to the delivery of the Quality Strategy in year 1.</p>	<p>The review comprised of two control objectives, of which one received Limited Assurance with the other not receiving an assurance rating. Given the nature of the work undertaken by the various networks and programmes across NHS Lothian, there is not a 'one size fits all' framework that can be used to assess the width and depth of various networks and programmes, which are at differing level of maturity.</p> <p>Since the approval of the Quality Strategy by the Board in June 2018, there has been a lack of reporting on the implementation of the Quality Strategy across NHS Lothian governance framework. Additionally, it was noted that there is a lack of the ownership and visibility of the strategy at the Corporate Management Team, who are responsible for the delivery of the Quality Strategy.</p> <p>Two recommendations (1 High; 1 Low) have been agreed with Management to improve the governance arrangements.</p>
	Staff Satisfaction	<p>To assess if there are effective controls in place over the management of staff engagement, including the capture and evaluation of information, and committee oversight of improvement work performed. Focused testing on areas of risk identified through comparing directorate response rates and action plan completion rates across NHS Lothian.</p>	<p>The review comprised of four control objectives, of which one received Significant Assurance, and three received Moderate Assurance. The electronic iMatter system is used to co-ordinate the work within the organisation, and provides effective management of confidential survey data, reporting, and management of action plans. There were many areas of good practice identified during the review, and it should be recognised that the organisation as a whole, as well as individual directorates are learning from previous experience of iMatter cycles, and continuing to improve.</p> <p>Five recommendations (3 Medium; 2 Low) have been agreed with Management to improve systems, processes and practices.</p>

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<p>NHS Lothian Audit and Risk Committee</p> <p>25 November 2019</p> <p>(cont'd)</p>	Adverse Events: Duty of Candour	<p>To review the procedures in place at NHS Lothian to ensure their processes align the requirements of the Duty of Candour legislation. The review considered NHS Lothian policies and operational procedures and what processes are in place to ensure staff identify when a case would trigger Duty of Candour and know how to implement the procedure once identified. Recognising that the process is new and has recently been established, we considered how process improvement is occurring and how lessons learned are being incorporated into the process going forwards.</p> <p>Note: the audit did not consider NHS Lothian's Adverse Events procedures; Healthcare Improvement Scotland has recently undertaken a review into the Adverse Event procedures.</p>	<p>The review comprised of four control objectives, of which all four received Significant Assurance.</p> <p>There were clear processes in place across NHS Lothian, including at a service level, aligning to the Duty of Candour legislation with training being provided to appropriate staff, reporting of severe adverse events updated to reflect changes and a well-defined process for identifying and following Duty of Candour procedures.</p> <p>A few minor areas for improvement (of a housekeeping nature) were identified during the audit, including the need to update the DATIX e-learning managing and reviewing adverse events module training and ensuring a formal action plan is put in place against identified improvements recognised by the Adverse Events Leadership Group.</p> <p>Two recommendations (2 Low) have been agreed with Management to improve processes.</p>
	Patients Funds: Adults with Incapacity	<p>To review the processes in place to apply for corporate appointeeship or powers under Part 4 of the Act, including how a decision to apply was reached and what alternative solutions were sought. To review the governance in place for managing patient's funds once appointeeship / additional powers have been granted, including who is involved in decisions and what records are maintained, ensuring procedures align to the Code. Additionally, to consider the process to pass authority over financial affairs to an appropriate party or back to the patient once a patient is discharged from NHS Lothian care or incapacity ceases.</p>	<p>The review comprised of three control objectives, of which two received Moderate Assurance and one Limited Assurance.</p> <p>The use of the Trojan patient funds management system allows staff to monitor transactions and report information to management. Effective controls around the completion and storage of application forms, there should be a comprehensive review of the procedures to ensure that all patients eligible for AWI powers or corporate appointeeship are being managed appropriately.</p> <p>This review has focussed on the controls in place for patients with incapacity within REAS, Management are advised to consider arrangements for those patients being treated through the HSCPs and where there are similar circumstances.</p> <p>Six recommendations (1 High; 5 Medium) have been agreed with Management to improve the governance arrangements, including availability of information for the audit review.</p>



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<p>NHS Lothian Audit and Risk Committee</p> <p>24 February 2020</p> <p>(Source: NHS Lothian website Key Documents &gt; Audits)</p>	<p>Treasury and Cash Management</p>	<p>To review the effectiveness of the key controls over cash management, including the management and operation of bank accounts and cash flow management; the design and operation of controls at cash offices and the design and operation of controls in relation to petty cash.</p>	<p>The review comprised of six control objectives, of which all six received Significant Assurance.</p> <p>Overall, effective controls are in place around treasury and cash management. The Standing Financial Instructions and Scheme of Delegation give specific instruction and Finance have developed a number of Financial Operating Procedures around these to ensure compliance with the scheme of delegation. Processes and systems are in place for the receipt, handling and banking of cash, including petty cash. Two minor issues have been identified around completeness of the information on the Finance Intranet and the management of petty cash floats.</p> <p>Two recommendations (2 Low) have been agreed with Management to improve arrangements.</p>
	<p>Edinburgh IJB - Directions Setting</p>	<p>The audit focus is limited to the content and design of the new EIJB Directions policy and the controls being applied by the EIJB to identify; create; approve; and communicate new and revised directions to the Council and NHSL. To consider alignment with Audit Scotland, Integration Review Leadership Group, the new Scottish Government guidance, and the revised EIJB strategic plan. The focus on the internal audit is very limited at this stage and does not give assurance that the subsequent controls to deliver the directions are designed or operate effectively.</p>	<p>The review comprised of four control objectives, of which three received Significant Assurance and one received Moderate Assurance. No recommendations made.</p> <p>Considering the limitations in scope noted, the new Directions Policy appears to ensure continued compliance with the provisions set out in relevant legislation and accompanying government best practice guidance for the creation, issue and monitoring of directions. However, it should be noted that the effectiveness of the policy in practice will not be adequately measured for some time after the approval and distribution directions to the EIJB partners.</p> <p>Review of three of the nine of the directions developed confirmed that each are linked to the EIJB's strategic objectives (Direction 5, 6 and 8). Directions are further supported by a mapping exercise connecting each to the five Outline Strategic Commissioning Plans. Effective controls are also in place for the revision of directions where there has been a change in circumstances during the year.</p>

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NHS Lothian Audit and Risk Committee 21 May 2020 (Source: NHS Lothian website Key Documents > Audits)	East Lothian IJB – Strategic Change Priorities and Delivery	To review the East Lothian IJB’s corporate governance arrangements in place to support the revised Change Board structure, including how the Board’s oversee delivery of the strategic priorities.	<p>The review comprised of four control objectives, of which three received Significant Assurance and one received Moderate Assurance.</p> <p>Since the introduction of the Change Boards in 2018, the Governance Framework has operated reasonably effectively, with projects introduced that contribute to the delivery of the East Lothian IJB strategic priorities. However some improvement opportunities have been identified and recommendations made to enhance the governance arrangements already in place.</p> <p>Five recommendations (2 Medium; 3 Low) have been agreed with Management to improve the governance arrangements.</p>
NHS Lothian Audit and Risk Committee 22 June 2020 (Source: NHS Lothian website Key Documents > Audits)	Early Careers Framework	To review the Early Careers and Apprenticeship Action Plan to ensure progress has been made against actions as intended. To consider how progress has been reported and monitored, including what outcomes from the framework have been achieved to demonstrate the activity results in a positive contribution to NHS Lothian. Also, to consider how those who are responsible for line managing those hired into apprenticeships or other schemes are engaged with and supported during the process.	<p>The review comprised of two control objectives, both of which received Significant Assurance. No recommendations made.</p> <p>Good progress has been made against the actions recorded in the Early Careers and Apprenticeship Action Plan, which has been reported to the Workforce Planning &amp; Development Programme Board and Staff Governance Committee. Also, training and support for front line staff has been made available by staff within the Workforce Development, Corporate Education &amp; Training team, which supports a positive approach to the programme by staff.</p>
	Acute Prescribing	To consider how prescribing costs are managed within budgets, including how budgets are set and the processes undertaken to ensure drugs are prescribed within formulary and actions taken to address any non-compliance. To consider reports provided to the Acute Prescribing Forum, and how this forum supports clinical teams and managers to monitor and challenge areas of overspends, and what actions are taken to mitigate this.	<p>The review comprised of three control objectives, of which all three received Significant Assurance.</p> <p>The controls supporting acute prescribing are adequately designed to manage and mitigate the key risks. However we have identified one improvement opportunity around the identification of and planning for future financial pressures.</p> <p>One low risk recommendation has been agreed with Management to improve the governance arrangements.</p>

Partner Committee	Audit Title	Audit Objective	Internal Audit Summary Findings and Conclusions
NHS Lothian Audit and Risk Committee 22 June 2020 (cont'd)	Midlothian IJB – Workforce Development	To assess the Midlothian Health and Social Care Partnership's approach to workforce development, in particular ensuring that operationally people resources are in place to deliver redesigned services commissioned by the MIJB which fit with strategic priorities for health and social care integration set out in the Strategic Plan to meet the needs of service users. To look at the alignment of the partnership arrangements to the specific workforce direction given by MIJB.	The review comprised of three objectives, each of which received a Moderate Assurance rating. A lot of discussion has taken place at Midlothian HSCP in relation to workforce planning based on minimal guidance from the Scottish Government to date. Now that the guidance has been published, the HSCP should be able to move forward and develop the full Workforce Plan which is due for publication by 31 March 2021.  Four medium risk recommendations have been agreed with Management to improve the governance arrangements.
NHS Lothian Audit and Risk Committee 24 August 2020 (Source: NHS Lothian website Key Documents > Audits)	Property Transaction Monitoring 2019/20	To consider whether NHS Lothian has fully complied with the relevant provisions set out within the NHS Scotland Property Transactions Handbook. This audit covered the following property transactions which have taken place during 2019/20: Disposals - Loanhead Clinic; Acquisitions – None; Leases - Acquisition by lease of Longhouse Surgery.	The review comprised of five objectives, each of which received a Significant Assurance rating. One low-risk rated recommendation has been agreed with Management.  NHS Lothian has concluded two property transactions during the financial year 2019/20. We are satisfied that 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".
	Workforce Planning	To focus on providing assurance over the process and controls in place in developing the workforce planning framework and the plans in place to agree actions, capture progress and reporting against the agreed framework. Given the Covid-19 pandemic and the pressure on HR and OD teams it was agreed the focus this year on how the plan was devised.	The review comprised of three control objectives, each of which received Significant Assurance. No recommendations.  There is evidence to demonstrate that the development of the Workforce Plan has included input from all relevant stakeholders, with the Plan itself recording a number of local and national priorities. However, delay to the implementation of controls established earlier in the year to monitor the actions identified in the 12-month action plan could impact on the delivery of the plan.

The MIJB Chief Internal Auditor will take account of these assurances from partners' Internal Audit providers to provide the statutory Internal Audit assurance to the MIJB.