

Midlothian Integration Joint Board Audit and Risk Committee



7 March 2019 at 2pm

Midlothian IJB Internal Audit Annual Plan 2019/20

Executive summary

Item number:	5.6
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The purpose of this report is to gain approval to the proposed Internal Audit Annual Plan 2019/20 for the Midlothian Health and Social Care Integration Joint Board (MIJB) to enable the MIJB Chief Internal Auditor to prepare the annual opinion on the adequacy of the overall control environment of the Midlothian Health and Social Care Integration Joint Board.

The MIJB Audit and Risk Committee is therefore asked to approve the MIJB Internal Audit Annual Plan 2019/20 (Appendix 1).

1. Purpose

- 1.1 The purpose of the Report is to present the proposed Internal Audit Annual Plan 2019/20 for the Midlothian Health and Social Care Integration Joint Board for discussion and approval by the MIJB Audit and Risk Committee.

2. Recommendations

- 2.1 To approve the Internal Audit Annual Plan 2019/20 for the Midlothian Health and Social Care Integration Joint Board.

3. Background and main report

- 3.1 Internal Audit activity adds value to the organisation (and its stakeholders) when it considers strategies, objectives, and risks; strives to offer ways to enhance governance, risk management and control processes; and objectively provides relevant assurance. The Internal Audit programme of work is designed to add value to and improve the Midlothian Health and Social Care Integration Joint Board's operations in order to meet the objectives set out in the Strategic Plan.
- 3.2 The key standards within the Public Sector Internal Audit Standards (2017) which relate to the preparation of the Internal Audit plan are summarised below:
- Standard 2010 – Planning which states that “the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals”
 - Standard 2020 – Communication and Approval which states that “the chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.”
- 3.3 The Internal Audit Annual Plan 2019/20 for the MIJB (Appendix 1) includes sufficient work to enable the MIJB's appointed Chief Internal Auditor to prepare an annual independent and objective audit opinion on the adequacy of the arrangements for risk management, governance and control of the delegated resources in the MIJB's fourth year of operation.

4. Reporting of Internal Audit Results

- 4.1 At the end of the year the Internal Audit Annual Assurance Report 2019/20 for the MIJB which will be reported to Management and to the MIJB Audit and Risk Committee, for governance and scrutiny purposes, will include the audit opinion based on the audit work during the year, and will state the results from each audit engagement outlining the risks, controls and conclusions. It will also state any Internal Audit recommendations that have been made to improve internal controls and governance in the form of an improvement action plan that will include the responsible owner and timescale for implementation. The outcomes of any monitoring of implementation of agreed actions or acceptance of risk will also be stated.
- 4.2 The Internal Audit findings and annual opinion will be used to inform the MIJB's Annual Governance Statement for inclusion in the MIJB's Annual Report and Accounts. An Executive Summary of the Internal Audit Annual Assurance Report 2019/20 for MIJB will be presented to the Board for assurance purposes.

5. Policy Implications

- 5.1 The establishment of the Integration Joint Board, as required by the Public Bodies (Scotland) Act 2014, introduces some complexity in the governance arrangements for health and social care. It is very important that clear governance arrangements are developed to ensure the achievement of the objectives of Integration. Robust Risk Management and Audit arrangements will be critical to the capacity of the IJB to function effectively.

6. Equalities Implications

- 6.1 There are no equalities implications.

7. Resource Implications

- 7.1 There is a commitment by Midlothian Council 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.
- 7.2 The MIJB Internal Audit Annual Plan 2019/20 is based on the assumption that Midlothian Council's Internal Audit function can provide a total of 70 days to support the plan including providing the MIJB Chief Internal Auditor while a total of 30 days are scheduled to be provided by NHS Lothian Internal Audit function.

- 7.3 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.

7 Risks

- 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 will be periodically reviewed, and amended as required, to reflect any new arrangement or changing risks and priorities. Any amendments relating to the MIJB will be brought to the MIJB Audit and Risk Committee for approval.

8 Involving People

- 8.1 Consultation on this Plan has been undertaken with Midlothian MIJB Chief Officials, the Chief Internal Auditor of NHS Lothian and Midlothian MIJB's External Auditors, EY, prior to submission to the MIJB Audit and Risk Committee.

9 Background Papers

See Appendix 1.

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DATE	01/03/2019