

Notice of Meeting and Agenda



Midlothian Integration Joint Board - Audit and Risk Committee

Venue: Virtual Meeting,

Date: Thursday, 04 March 2021

Time: 14:00

Morag Barrow
Chief Officer

Contact:

Further Information:

This is a meeting which is open to members of the public.

1 Welcome, Introductions and Apologies

2 Order of Business

Including notice of new business submitted as urgent for consideration at the end of the meeting.

3 Declaration of Interest

Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

4 Minute of Previous Meeting

- 4.1** Minutes of Meeting held on 3 December 2020 – For Approval. 3 - 8

5 Public Reports

- 5.1** Risk Register – Report by Risk Manager. 9 - 26
- 5.2** Guidance for Auditors – Covid-19 - Letter from Elma Murray, Interim Chair, Accounts Commission. 27 - 28
- 5.3** Midlothian Integration Joint Board Annual Audit Plan Year ending 31 March 2021 - Report by EY, External Auditors. 29 - 54
- 5.4** MIJB Internal Audit Annual Plan 2021-22 – Report by Chief Internal Auditor. 55 - 60
- 5.5** MIJB Local Code of Corporate Governance – Report by Chief Officer. 61 - 82

6 Private Reports

No private reports to be discussed at this meeting.

7 Date of Next Meeting

The next meeting of the Midlothian Integration Joint Board Audit and Risk Committee will be held on **Thursday 3rd June 2021 at 2.00 pm**

Clerk Name:	Mike Broadway
Clerk Telephone:	0131 271 3160
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Midlothian Integration Joint Board



Meeting	Date	Time	Venue
Audit and Risk Committee	Thursday 3 December 2020	2.00pm	Virtual Meeting held using MS Teams.

Present (voting members):

Cllr Jim Muirhead (Chair)	Carolyn Hirst	Mike Ash
Pam Russell (Independent Member)		

Present (non-voting members):

Morag Barrow (Chief Officer)	Claire Flanagan (Chief Finance Officer)	Jill Stacey (Chief Internal Auditor)

In attendance:

Chris Lawson (Risk Manager)	Elaine Greaves (Principal Internal Auditor)	Mike Broadway (Clerk)

Apologies:

Councillor Derek Milligan	Grace Scanlin (EY, External Auditor)	

Audit and Risk Committee

Thursday 3 December 2020

1. Welcome and introductions

The Chair, Councillor Jim Muirhead welcomed everyone to this virtual meeting of the Audit and Risk Committee.

2. Order of Business

The order of business was as set out in the Agenda.

3. Declarations of interest

No declarations of interest were received.

4. Note of Meeting

- 4.1 The Minutes of Meeting of the Midlothian Integration Joint Board Audit and Risk Committee held on 3rd September 2020 was submitted and approved as a correct record.

With regards Item 5.3 (Risk Register) in the minutes, Pam Russell (Independent Member) advised that following the meeting she had passed on some comments which she hoped had been of some assistance.

5. Public Reports

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
5.1 Risk Register – Report by Risk Manager The purpose of this report was to provide an update on the Strategic Risk Profile covering quarter 2 2020/21, 1 July 2020 – 30 September 2020 and the current issues, future risks and opportunities for the MIJB. The report also provided the Committee with an overview of the most significant issues and risks on the MIJB strategic risk profile during the quarter.	(a) Noted the current Risk Register; (b) Noted the updates provided on the risk control measures and the progress being made to address all risks; and (c) Confirmed that, otherwise, the risks contained in the Risk Register reflected the current risks/opportunities facing the MIJB.	Risk Manager	

Audit and Risk Committee

Thursday 3 December 2020

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
Having heard from Risk Manager, Chris Lawson, the Committee in discussing issues arising from the current strategic risk profile, considered some of the impacts being experienced as a result of the coronavirus pandemic; how these were being addressed and how they were reflected in the strategic risk profile.			
<p>5.2 MIJB Internal Audit Recommendations Progress Report – Report by Chief Internal Auditor</p> <p>With reference to paragraph 5.3 of the Minutes of 3 September 2020, there was submitted a report the purpose of which was to provide information of the number of recommendations raised by Internal Audit for the MIJB that were 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 were found to be outstanding.</p> <p>The report confirmed that of the 8 In-Progress Internal Audit Recommendations currently remaining, good progress was being made with implementation of 5, completion of which was expected in full by March 2021. With regards the remaining 3 progress on some of the sub-actions was being completed and plans were in place to implement the remainder, although these could be impacted by Covid-19 related activities.</p>	<p>(a) Acknowledged the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance, and mitigate risks;</p> <p>(b) Agreed that the progress made by Management was satisfactory and that no other actions were required; and</p> <p>(c) Noted that Internal Audit would continue to monitor the completion of the outstanding recommendations and would provide further update reports to the Committee as required.</p>	Chief Internal Auditor	

Audit and Risk Committee

Thursday 3 December 2020

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
After hearing from both the Chief Internal Auditor, Jill Stacey and Chief Officer, Morag Barrow, the Committee acknowledged the potential need for the further revision of target dates given the complexities involved in addressing the issues concerned, and the challenges posed by the ongoing coronavirus/Covid-19 pandemic.			
<p>5.3 Progress Update on Delivery of Midlothian IJB Internal Audit Annual Plan 2020/21 – Report by Chief Internal Auditor</p> <p>With reference to paragraph 5.3 of the Minutes of 5 March 2020, there was submitted a report the purpose of which was to inform the Committee of the progress Internal Audit had made, in the first 6 months of the year to 30 September 2020, towards completing the Internal Audit Annual Plan 2020/21 for the Midlothian Integration Joint Board (MIJB).</p> <p>The Committee, having heard from Chief Internal Auditor, Jill Stacey, who responded to Members questions and comments, welcomed the inclusion of information regarding Internal Audit reports by partners' Internal Auditors that are relevant to MIJB; and discussed potential possible options for the scope of the audit to be provided by NHS Lothian Internal Audit team (Grant Thornton), which was yet to be determined.</p>	<p>(a) Noted the progress Internal Audit had made by the mid-year point with activity in the approved Midlothian Health and Social Care Integration Joint Board Internal Audit Annual Plan 2020/21 (Appendix 1);</p> <p>(b) Approved exploring the possibility of a pan-Lothian audit of set aside utilising the as yet unallocated audit time to be provided by the NHSL Internal Audit team; and</p> <p>(c) Noted the list of Internal Audit reports by partners' Internal Auditors presented to their respective Audit Committees that were relevant to MIJB for assurance purposes (Appendix 2), and the assurances contained therein.</p>	Chief Internal Auditor	

Audit and Risk Committee

Thursday 3 December 2020

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
<p>5.4 Midlothian Acute Services Plan Update – Chief Officer to report</p> <p>With reference to paragraph 5.4 of the Minutes of 5 March 2020, Chief Officer, Morag Barrow, provided the Committee with an update on the Acute Services Plan, explaining that although the focus of the Plan remained unchanged, the opportunity was being taken to review it in light of experiences learned from the current Covid-19 pandemic, particularly in relation to the impact that local community based services were having on the demands on acute hospitals. Progress was also being made in finalising the accompanying performance framework.</p> <p>The Committee, having heard from Morag, who also responded to questions and comments, welcomed the update and were encouraged by the range and depth of work that was going on in the community.</p>	Noted the update on the Midlothian Acute Services Plan.		
<p>5.5 NHS Lothian Recovery Update – Report by Chief Officer</p> <p>With reference to paragraph 5.5 of the Minutes of 5 March 2020, there was submitted a report the purpose of which was to provide the Committee with the latest report from NHS Lothian on the progress being made on the delivery of the NHS Lothian Recovery Plan, following the decision by Scottish Government to place NHS Lothian on Level 3 of Performance Escalation matrix.</p>	<p>(a) Noted that the role and nature of the programme had changed in the light of the Covid-19 pandemic; and</p> <p>(b) Agreed to receive further updates in relation to specific performance recovery issues.</p>	Chief Officer	

Audit and Risk Committee

Thursday 3 December 2020

Report Title/Summary	Decision	Action Owner	Date to be Completed/Comments
The Committee, having heard from Chief Officer, Morag Barrow, who responded to Members questions and comments, welcomed the reprioritisation of the role and nature of the programme to focus on learning from the current Covid-19 pandemic, embedding this learning into revised clinical models to support longer term recovery actions as well as supporting the Scottish Governments Remobilisation Plans.			

6. Private Reports

No private business to be discussed at this meeting.

7. Any other business

No additional business had been notified to the Chair in advance.

8. Date of next meeting

The next meeting of the Midlothian Integration Joint Board Audit and Risk Committee would be held on Thursday 4 March 2021 at 2.00 pm.

(Action: All Members to Note)

The meeting terminated at 3.00 pm.

Midlothian Integration Joint Board

Audit and Risk Committee



Thursday 4 March 2021, 2pm

Risk Register

Item number: 5.1

Executive summary

The Integrated Joint Board (IJB) Audit and Risk Committee maintains a strategic risk profile which is regularly scrutinised. However, it is important that Midlothian IJB is kept informed of its key risks and the actions undertaken to manage these risks. This report contains the strategic risk profile covering quarter 3 2020/21, 1 October 2020 – 31 December 2020.

Committee members are asked to:

1. Consider the strategic risk profile and current response to the issues, risk and opportunities.

Risk Profile

1 Purpose

- 1.1 This includes the quarter 3 2020/21, 1 October 2020 – 31 December 2020 and highlights current issues, future risks and opportunities of note to the IJB.

2 Recommendations

- 2.1 As a result of this report what are Members being asked to:-
- Consider the strategic risk profile especially those issues and risks highlighted in the covering report.

3 Background and main report

- 3.1 The IJB's Audit and Risk Committee regularly scrutinises the strategic risk profile and reports back to the IJB quarterly.
- 3.2 The quarter 3 2020/21, (1 October 2020 – 31 December 2020) present the issues, future risks and opportunities for the IJB.
- 3.3 The most significant issues and risks on the MIJB strategic risk profile during quarter 3 2020/21 are as follows:-

Issues

Care homes

Support to Care Homes continues. In response to Scottish Government guidance issued during the pandemic, Midlothian Health & Social Care Partnership has clinical oversight across all Midlothian Care Homes, providing support and education as required on behalf of NHS Lothian Executive Director of Nursing. Care Homes continue to be supported to provide high quality care and to comply with guidance related to the pandemic including instructions around PPE and testing of staff and residents. During Q3, Midlothian Care Home staff were tested for COVID-19 weekly while preparing for the addition of Lateral Flow Testing in January (to increase staff testing to 3 times per week)..

Clinical and care support is provided for care home staff to support infection control and support wellbeing of residents.

Use of Acute Hospital beds

The use of unscheduled care facilities increased in quarter 3. Services to support people who have a long term condition to stay well at home continued to operate in order to support as many people as possible to avoid hospital visits. Many services operated whilst reducing face to face contact – telephone and digital tools were employed. It is the intention of the IJB to review the different models of service provision employed during the pandemic with a view to maintaining certain practices longer term.

Representatives of Midlothian Health and Social Care Partnership now participate in the RIE Hospital Management Team meetings such as the Redesign of the Front Door and Winter Planning.

COVID-19

The Health and Social Care Partnership management team developed and reviewed plans for the anticipated resurgence of COVID-19 pandemic within the community during quarter 3 which had been expected to increased demand for services and risks around staff absence.

Risk

Balancing the budget in future years' remains

The new 5 year financial plan for Midlothian IJB was reported to IJB in December 2020. During 2021 Finance LMP return routinely submitted to Scottish Government to support the release of funding from them, funding has been received by the HSPC with further funding to follow.

4 Policy Implications

- 4.1 There are no new policy issues raised in this paper.

5 Directions

- 5.1 This report does not require a new direction.

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 associated with this report.

8 Risk

- 8.1 The risks relevant to the business of the IJB are set out within the attached strategic risk profile.

9 Involving people

- 9.1 The IJB meetings are held in public and IJB papers along with those of the IJB Audit and Risk committee are available on the internet. This work is supported by the IJB's Chief Internal Auditor and the partnership's risk management.

10 Background Papers

- 10.1 None.

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DESIGNATION	Risk Manager
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DATE	25 February 2021

Appendices:

1. Strategic Risk Profile Quarter 3 2020/21

IJB Strategic Risk Profile

Quarter 3 2020/21





Issues


IJB.RR.18 Use of Acute Hospital Beds

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.18	<p>Risk cause Midlothian has too high a usage of hospital beds for people who are fit to be discharged or who did not need to be admitted in the first place.</p> <p>Risk event Acute hospitals are unable to function effectively and efficiently because of the number of people occupying beds who do not require hospital care.</p> <p>Risk effect The difficulty of shifting resources to community based services will continue, and people who need hospital care will experience delays. The acute hospital system has to commission services from private providers to meet national targets.</p>	Chief Officer	<p>On-going monitoring of quality</p> <p>IJB set Targets on use of Acute Beds.</p> <p>Directions set.</p> <p>Patient pathway being improved including the establishment of a flow 'hub'</p>	4	5	





Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.18.1	Project to examine the use of acute hospital beds	Q3 20/21: The use of unscheduled care facilities increased in quarter 3. Services to support people who have a long term condition to stay well at home continued to operate in order to support as many people as possible to avoid hospital visits .Many services operated whilst reducing face to face contact – telephone and digital tools were employed. It is the intention of the IJB to review the different models of service	Chief Officer	31-Mar-2021	

		<p>provision employed during the pandemic with a view to maintaining certain practices longer term.</p> <p>Representatives of Midlothian Health and Social Care Partnership now participate in the RIE Hospital Management Team and more specific forums such as the Redesign of the Front Door and Winter Planning</p>			
IJB.RA.18.2	Increased investment in services to reduce hospital admission and stay.	<p>Q3 20/21: The use of unscheduled care facilities increased in quarter 3. Midlothian is redesigning intermediate care with single point of access introduced on 1 December 2020. During Q3 work continued on local mobilisation plans with associated funding.</p> <p>Additional funding was secured to support services to respond to annual winter pressures.</p>	NHS Lothian	31-Mar-2021	
IJB.RA.18.3	Scheduling of unscheduled care	Q3 20/21: The National redesign of urgent care was introduced on 1 December 2020.	Head of Older People and Social Care	31-Mar-2021	

IJB.RR.10 Workforce Capacity Including Recruitment & Retention of Health and Social Care Staff


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.10	<p>Risk cause Potential future ability to recruit sufficient staff.</p> <p>Risk event Insufficient numbers of qualified people to deliver services based on current models.</p> <p>COVID-19 pandemic – increasing demand for a service and risks around staff absence.</p> <p>Risk effect Negative impact on service delivery where services require GPs and care at home staff.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>National program of training for GPs and Health Visitors.</p> <p>Living Wage commitment to address low paid positions.</p> <p>Service Specific Workforce Plan being developed which will include the development of new roles and a changing skill mix.</p> <p>SVQ Assessment Centre Established.</p> <p>Workforce Planning</p> <p>Care at Home Strategy</p>	3	4	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
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IJB.RA.10.4	Increase recruitment to care at home	Q3 20/21: Efforts to increase recruitment continued. Close working with external providers.	Head of Older People and Social Care	31- Mar-2021	
IJB.RA.10.5	Opportunity for staff to achieve SVQ qualifications and meet registration requirements.	Q3 20/21: Work on hold due to pandemic.	Head of Adult Services	31-Mar-2021	
IJB.RA.10.6	Care at Home	Q3 20/21: Recommissioning work resumed.	Head of Older People and Primary Care	31-Mar-2021	
IJB.RA.10.7	Increased support to staff and recruitment to Care at Home roles as a result of COVID-19 pandemic	Q3 20/21: Support remains in place to Care at Home to meet increased demand due to pandemic including monitoring of staffing levels, staff well being support and continued support with PPE.	Head of Older People and Primary Care	31-Mar-2021	


IJB.RR.11 Care homes





Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.11	<p>Risk cause Increased demand and changed requirements around care home delivery.</p> <p>Risk event COVID-19 pandemic – increasing demand for a service and risks around staff absence.</p> <p>Risk effect Capacity within care homes putting delivery of directions and strategic plan at risk. Puts at risk quality of care.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>Care Inspectorate inspections of Care homes</p> <p>Daily report from Care Homes to Health and Social Care partnership to form daily SITREP.</p> <p>Weekly supported visit by care home support team.</p> <p>Weekly return to Scottish Government.</p> <p>Internal audit of Care Homes</p> <p>Care home strategic overview group, NHS Lothian.</p> <p>Care Home Assurance Group, Midlothian.</p>	4	5	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.11.1	Three weekly care home staff testing for COVID.	Q3 20/21: Midlothian Care Home staff testing is managed on NHS testing programme, all Care Homes are tested three weekly. Support and monitoring continues. Support continues to care homes, in particular those where there are confirmed positive cases.	Head of Primary Care and Older People	31-Mar-2021	

IJB.RA.11.2	Enhanced Care Home support team	Q3 20/21: Clinical and care support for care home staff to support infection control and support wellbeing of residents.	Head of Primary Care and Older People	31-Mar-2021	
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IJB.RR.15 COVID


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.15	<p>Risk cause Increased demand and changed requirements taking account of COVID 19.</p> <p>Risk event Resurgence of COVID-19 pandemic within Community – increasing demand for a service and risks around staff absence.</p> <p>Risk effect Capacity within all services putting delivery of directions and strategic plan at risk. Puts at risk quality of care.</p> <p>Capacity to deliver vaccination programme in parallel with routine services.</p> <p>Service ability to respond to a 2nd wave of COVID.</p> <p>Reputational risk.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>Increased support for Care Homes.</p> <p>Business Continuity Plans to respond to surge in demand.</p> <p>COVID response team to support planning activities</p> <p>NHS wide winter planning, MLC winter planning and HSCP planning.</p> <p>Comprehensive winter flu vaccination programme.</p>	4	5	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.15.1	Management plans in place to mobilise local lockdown	Q3 20/21: Business continuity plans are in place to mitigate risks for local lockdowns.	Chief Officer	30-Sep-2021	
IJB.RA.15.2	Winter planning	Q3 20/21: Winter plan being implemented, weekly planning meetings convened.	Chief Officer	30-Sep-2021	
IJB.RA.15.3	Continued modernisation and delivery of key services	Q3 20/21: On going work, mobilisation plan.	Chief Officer	30-Sep-2021	
IJB.RA.15.4	Impact on, in year financial position	Q3 20/21: Work on going and continue to submit financial returns to Scottish Government regarding additional COVID related expenditure. Funding has been	Chief Finance Officer	30-Sep-2021	

		received to date with further funding required later in the financial year. In year financial position provided regularly to IJB for monitoring purposes.			
IJB.RA.15.5	Increasing capacity in the workforce to deliver vaccination programmes for winter flu and COVID-19.	Q3 20/21: Different staff groups trained to deliver vaccinations, ongoing recruitment drive for vaccinators and administrative support.	Chief Officer	30-Sep-2021	

Risks

IJB.RR.01 Balancing budget in future years

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.01	<p>Risk cause Inadequate resources to meet demand in the manner in which services are currently delivered.</p> <p>Risk event Inability to meet demand within existing resources.</p> <p>Risk effect Overspends due to excessive demand for services, quality failures, and cuts in other services. The Community Health Partnership will have made financial commitments when in operation some of which will extend in to the period covered by the IJB and will require to be honoured.</p>	Chief Finance Officer	<p>Chief Finance Officer responsible for the governance, appropriate management of finance and financial administration of the IJB.</p> <p>Early Warning Indicators from NHS Lothian and Midlothian Council.</p> <p>Strong budget control systems in place in NHS Lothian and Midlothian Council.</p> <p>Financial Strategy and medium term financial plan developed</p> <p>New Governance arrangements in place which includes a finance and performance group.</p>	4	5	




Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.01.2	Financial Plan	Q3 20/21: New 5 year financial plan reported to IJB for in December 2020. During 2021 Finance LMP return routinely submitted to Scottish Government to support the release of funding from them, funding has been received by the HSPC with further funding to follow.	Chief Finance Officer	31-Mar-2021	

IJB.RR.03 Demographic Changes

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.03	<p>Risk cause Increasing demands on services as a result of ageing population, and increasing numbers and complexity of need of children moving into Adult Services.</p> <p>Risk event Inability to meet demand within existing resources.</p> <p>Risk effect Demands made on Social Care resource budget exceed available budget. Capacity to maintain and develop preventative services is put at risk.</p>	Joint Director Midlothian Health and Social Care Partnership	<p>Routine update of joint needs assessment so that the allocation of resources can be reviewed and amended.</p> <p>Continual process of service redesign to ensure people access services quickly, and their recovery is supported effectively.</p> <p>Business Transformation Board – Council Transformation Board</p> <p>Demographic profiling to ensure forward planning reflects the demographic profile of the IJB. Captured in financial Strategy</p> <p>Dialogue with partners regarding allocation/demographic issues impacting on Midlothian.</p>	5	4	



IJB.RR.04 Governance

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.04	<p>Risk cause Complexity of governance arrangements for the three bodies - NHS Lothian , Midlothian Council and the IJB - having to work together</p> <p>Risk event Issues arise which lead to uncertainty about decision making authority.</p> <p>COVID-19 pandemic</p> <p>Risk effect The IJB's governance systems are unable to operate effectively.</p>	Chief Officer	<p>Performance Reports</p> <p>Use of Audit to Monitor effectiveness of Internal controls</p> <p>Code of Corporate Governance</p> <p>Integration Scheme</p> <p>Regular formal and informal meetings with partners.</p> <p>New Integrate Care Forum</p>	2	4	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.04.02	Ministerial Steering Group (MSG) Progress of Integration self-assessment	Q3 20/21: Work underway to look at broad IJB self-assessment to look at MSG actions and care inspectorate and Health Improvement Scotland frameworks.	Chief Officer	30-Sep-2021	
IJB.RA.04.03	Review of Scheme of Integration	Q3 20/21: both partners review of the scheme is on hold due to the COVID-19 pandemic. Scottish Government guidance was issued to this effect. NHS Lothian and Midlothian Council are proposing to undertake this review in spring 2021.	Joint Director Midlothian Health and Social Care Partnership	30-June-2021	
IJB.RA.04.04	Emergency Recess arrangements	Q3 20/21: IJB came out of Emergency recess at the end of July 2020, however continue to hold business meetings virtually.	Joint Director Midlothian Health and Social Care Partnership	30-Sep-2020	



IJB.RR.07 Managing Change


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.07	<p>Risk cause Information on changes to service released before service user or employees consultation strategy developed.</p> <p>Risk event There is the potential for information to be released on draft schemes or proposals for changes to service delivery.</p> <p>Disruption due to the pandemic. Significant change to service delivery.</p> <p>Risk effect This could have a negative impact on Service Users and Employees by creating unnecessary concern regarding potential changes which have not been fully considered or consulted on.</p>	Joint Director Midlothian Health and Social Care Partnership	<p>Strategic plan.</p> <p>Directions made and monitored.</p> <p>Performance reporting against delivery of strategic plan and other key indicators.</p> <p>There is an Organisational Development Officer in post, delivering an OD programme alongside a number of Lothian-wide initiatives. Workforce Planning</p> <p>Strategic Planning Group minutes routinely available to IJB.</p> <p>NHSL Strategic Framework on Pandemic response</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.07.1	Engagement Strategy	Q3 20/21: Work on Engagement Strategy progressed. Communication planning around including COVID-19 pandemic. This work remains ongoing and has been included in the Midlothian HSCP winter plan.	Joint Director Midlothian Health and Social Care Partnership	31-Mar-2021	
IJB.RA.07.3	Forward strategic planning	Q3 20/21: Work progressing on strategic plan 2022-2025. IJB approved revised vision and values to underpin this work.	Integration Manager	31-Mar-2022	


IJB.RR.08 Management Information

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.08	<p>Risk cause The two main software systems used within the Council (Framework-i) and NHS Lothian (Trak) to support the delivery of adult and social care do not integrate at present.</p> <p>Risk event These systems are used to drive performance information.</p> <p>Risk effect The lack of integration of the information between the systems reduces the potential for holistic reporting.</p>	Head of Adult and Social Care; Joint Director Midlothian Health and Social Care Partnership	<p>The Interagency Information Exchange allows direct and up to date access to other professional's information.</p> <p>Data sharing agreements</p>	5	3	


Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.08.1	Interagency Information Exchange	Q3 20/21: Tableau dashboard has been developed which combines information from Trak and Mosaic to allow real time service reporting. Further developments outlined in Partnership Digital Programme, approved by IJB Feb 2020 alongside Direction related to digital development and information exchange.	Business Applications Manager	31-Mar-2021	
IJB.RA.08.2	Performance Information	Q3 20/21: Work has progressed on Outcome Monitoring framework following delay due to the pandemic. Performance reports presented to IJB. Work to improve performance reporting continues.	Joint Director Midlothian Health	31-Mar-2021	


			and Social Care Partnership		
IJB.RA.08.3	IT software development	Q3 20/21: New software and IT infrastructure employed to assist IJB and other communication eg Microsoft Teams for meetings and sharing of documents. Extension of homeworking in response to Pandemic.	Joint Director Midlothian Health and Social Care Partnership	31-Mar-2021	

IJB.RR.09 Leadership Capacity - IJB


Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.09	<p>Risk cause Changing membership of IJB creates challenges to ensure all members have a clear understanding of the Integration of Health and Social Care.</p> <p>Risk event New members may have a knowledge gap around the work of the IJB, the planned outcomes and measures to drive forward improvement.</p> <p>Risk effect Ability of new members to make a positive contribution to the IJB.</p>	Chief Officer	<p>National and local Induction programs in place.</p> <p>Membership changes incrementally.</p> <p>User, Carer and Third Sector members receive pre-meeting support.</p> <p>Induction/development programme in place.</p> <p>Leadership Development training in place.</p> <p>The IJB has changed members, chair and CO in the last year yet continues to function well</p>	3	2	



IJB.RR.11 Working With Other Organisations (Partnership)

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.11	<p>Risk cause The establishment of the Integrated Joint Board (IJB) may reduce the efforts required to work with other Community Planning partners.</p> <p>Risk event THE HSCP focusses too narrowly on its immediate responsibilities to deliver direct services in health and care, and neglects the task of building long term sustainability.</p> <p>Risk effect The HSCP does not achieve its long term objectives.</p>	Chief Officer	<p>The IJB Chair and Chief Officer are members of the Community Planning Board.</p> <p>Health and Social Care are active in Area Targeting work.</p> <p>Reducing inequality is the key objective of the Community Planning Partnership.</p> <p>Other agencies - e.g. Housing; Libraries; Fire and Rescue; Ambulance - are actively involved in joint planning groups.</p> <p>Regular Summits being held with the voluntary sector 3-4 times per year</p> <p>Ongoing engagement with the Community Planning Partnership</p> <p>Component of the Single Midlothian Plan</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.11.2	Strengthening engagement with the independent sector	<p>Q3 20/21: Partnership working with the Independent Sector (care homes and care at home) has been more intensive as a result of the pandemic. Joint work, shared protocol, new guidance and sharing of best practice. Performance monitoring updates, in particular around Care Homes to the IJB.</p> <p>Increased partnership working involving volunteers, new post recruited to, to process support this area.</p> <p>Assurance group in place for both NHSL and HSCP for monitoring performance of care homes, this is reported weekly into SG.</p>	Joint Director Midlothian Health and Social Care Partnership	30-Sep-2021	


IJB.RR.14 Business Continuity

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.RR.14	<p>Risk cause Lack of clarity about Business Continuity arrangements.</p> <p>Risk event The Health & Social Care Partnership is unable to implement proposals in the absence of an effective governing body.</p> <p>Risk effect The IJB fails to make good progress with the implementation of its Strategic Plan.</p>	Chief Officer	<p>Integration Scheme - standing orders and a code of governance in place.</p> <p>Substitute IJB members in place by NHS Lothian, Midlothian Council, Users, Carers and Third Sector.</p> <p>The Council and NHS have their own Business Continuity Plans and arrangements in place to monitor third party suppliers. (Check local code of governance)</p>	3	4	

Related Action Code	Related Action	Related action latest note	Managed By	Due Date	Status
IJB.RA.14.1	UK Exit from European Union	Q3 20/21: UK remains on track to complete negotiations regarding the UK exit from European Union. Preparing for the UK exit from the EU remains a high priority within NHSL and MLC with strategic management groups set up for both areas.	Chief Officer	31-Mar-2021	
IJB.RA.14.2	COVID-19 pandemic planning and resilience	Q3 20/21: Substantial resilience planning has been carried out with a focus on Winter Planning and Business Continuity. Winter plan has been submitted to NHSL with ongoing reviews throughout the winter period.	Chief Officer	31-Mar-2021	

Opportunities




IJB.OP.01 Strategic Plan

Risk Code	Risk Identification	Managed by	Risk Control Measures	Likelihood	Impact	Risk Evaluation
IJB.OP.01	The creation of a Strategic Plan provides the opportunity to describe the future shape of care services.	Joint Director Midlothian Health and Social Care Partnership	<p>The Strategic Plan sets out the direction of travel for all health and care services and identifies how available funding will be used to enable some of these changes to take place.</p> <p>Funding such as social care monies and Primary Care Transformation funds will enable some of the aspirational plans to be put into effect.</p> <p>Directions provides clarity and specificity about actions flowing from the Strategic Plan.</p> <p>Strategic Planning Group has been established to monitor implementation of Strategic plan.</p> <p>Annual Delivery Plan.</p> <p>Working with local planning groups and services to develop plans for future years.</p>	5	4	

Risk Management report Key:

Very low risk	1-3	
Low risk	4-8	
Medium risk	9-15	
High risk	16-20	
Critical risk	25	

Action Key:

In progress	
complete	
Overdue	

21 December 2020

Morag Barrow
Chief Officer
Midlothian Integration Joint Board
Fairfield House
8 Lothian Road
Dalkeith
EH22 3AA

Dear Morag

Guidance for auditors – Covid-19

I write to bring to your attention two new important guides for auditors produced by Audit Scotland in relation to Covid-19. The first is [Balancing the budget in councils](#) and the second is [Going concern in councils](#). I believe that you will find both of these to be of interest.

The Accounts Commission's [2020 Local Government in Scotland Overview](#) report highlighted the importance of improving long-term financial planning in the context of the challenges and uncertainties councils face as a consequence of Covid-19. Council budgets were already under pressure from increasing costs, along with greater needs from communities, before the pandemic. Covid-19 brings additional financial demands and has also led to significant reductions in council income. This makes achieving a balanced budget more challenging. The impact of Covid-19 on public sector budgets has also heightened the focus on financial sustainability, with related questions about the application of the going concern basis of accounting in the public sector.

I am bringing these publications to your attention because they relate to the Commission's longstanding interest in the essential importance of effective leadership, good governance and strong financial management for councils. But also, because we recognise the challenge of delivering these key Best Value obligations in the context of Covid-19.

We will be encouraging local auditors to use these guides as a basis for engaging with their audited bodies. I hope that you may also find it useful to use these guides along with your senior officers and elected members.

Yours sincerely

Elma Murray
Interim Chair

Midlothian Integration Joint Board

Annual Audit Plan

Year ending 31 March 2021

4 March 2021

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About this report

This report has been prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 31 May 2016 through which the Accounts Commission appointed us as external auditor of Midlothian Integration Joint Board (the IJB) for financial years 2016/17 to 2020/21. As a result of the impact of Covid-19 our appointment was extended by a further 12 months to include the financial year 2021/22. We undertake our audit in accordance with the Local Government (Scotland) Act 1973 and our responsibilities as set out within Audit Scotland's Code of Audit Practice (the Code), issued on 26 May 2016.

This report is for the benefit of the IJB and is made available to the Accounts Commission, the Controller of Audit and Audit Scotland (together the Recipients). This report has not been designed to be of benefit to anyone except the Recipients. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Recipients, even though we may have been aware that others might read this report.

Any party other than the Recipients that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Recipient's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, Ernst & Young LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Recipients.

Complaints

If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with Stephen Reid who is our partner responsible for services under appointment by Audit Scotland, telephone 0131 777 2839, email sreid2@uk.ey.com. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, or with how your complaint has been handled, you can refer the matter to Diane McGiffen, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN. Alternatively you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Executive summary

Our key contacts:

Stephen Reid
Partner
sreid2@uk.ey.com

Grace Scanlin
Senior Manager
grace.scanlin@uk.ey.com

Our independence:

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as your external auditor.

Purpose of this report

The Accounts Commission appointed EY as the external auditor of Midlothian Integration Joint Board ("the IJB") for the five year period to 2020/21. As a result of the impact of Covid-19 our appointment was extended by a further 12 months to include the financial year 2021/22.

This Annual Audit Plan, prepared for the benefit of IJB management and the Audit and Risk Committee, sets out our proposed audit approach for the audit of the financial year ending 31 March 2021. This plan sets out the work we will perform to allow us to provide our independent auditor's report on the financial statements and meet the wider scope requirements of public sector audit, including the audit of Best Value. After consideration by the IJB, the plan is provided to Audit Scotland and published on their website.

We undertake our audit in accordance with the Code of Audit Practice (the Code), issued by Audit Scotland in May 2016; International Standards on Auditing (UK); relevant legislation; and other guidance issued by Audit Scotland. The Code sets out the responsibilities of both the IJB and the auditor, more details of which are provided in Appendix A.

Financial statement audit

We are responsible for conducting an audit of the financial statements of the IJB. We provide an opinion as to:

- ▶ whether they give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the IJB as at 31 March 2021 and of its income and expenditure for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2020/21 Code; and
- ▶ whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

We also review and report on the consistency of the other information prepared and published by the IJB along with the financial statements.

Wider scope audit responsibilities

Under the Code, we are required to provide judgements and conclusions on the four dimensions of wider-scope public audit, as well as an assessment around the IJB's arrangements for securing Best Value:

- ▶ Financial management;
- ▶ Financial sustainability;
- ▶ Governance and transparency; and
- ▶ Value for money

Audit dashboard

The following ‘dashboard’ summarises the significant accounting and auditing matters outlined in this report, providing an overview of our initial risk assessment and materiality.

Key financial statement risks

There are no new financial statements risks identified at the IJB for 2020/21:

Significant Risk:

Risk of fraud in expenditure recognition, including through management override of control

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

Management is in a unique position to perpetrate fraud due to the ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. For the IJB we consider this risk to manifest itself through the recognition risk around expenditure.

Materiality levels will be confirmed on completion of our detailed planning audit work. Indicative levels, based on prior year figures, have been set as follows:

Planning Materiality

Tolerable Error

Reportable differences

£1.5 million £1.13 million £75,000

Materiality initially has been set at approximately 1% of expenditure for the year.

Materiality at an individual account level, representing 75% of our planning materiality

Level of error that we will report to committee

We apply a lower level of materiality to the audited part of the Remuneration Report. Professional judgement is also applied to the materiality of related party transactions.

Wider scope risks

We have updated our understanding of the risks impacting the IJB through discussions with management, review of relevant committee reports, and our knowledge of the environment in which the IJB is currently operating.

Financial Sustainability:

Continuing financial pressures

The IJB has continued to develop its longer-term planning arrangements through a rolling 5 year financial plan, which continues to be refined and informed by the Scottish Government's Medium Term Financial Framework for Health & Social Care. The 5 year rolling financial outlook was presented to the IJB in December 2020. This was based on pre-pandemic conditions and showed a £3.8 million gap for 2021/22.

The impact of Covid-19 has added further financial pressure and uncertainty to the IJB and its partners. While service planning for the IJB social care functions is more advanced, significant work remains to be done to ensure the IJB meets its financial plan across the period.

2. Sector developments

In accordance with the principles of the Code, our audit work considers key developments in the sector. We obtain an understanding of the strategic environment in which the IJB operates to inform our audit approach.

Scrutiny

The 2019/20 Midlothian Scrutiny Plan highlighted no significant risks in relation to the IJB. This is the most recent report published at the time of writing the 2020/21 plan.

A National Scrutiny Plan (NSP) was most recently published by the Accounts Commission (on behalf of the Strategic Scrutiny Group) in September 2019. The NSP summarises all planned and announced strategic scrutiny activity from September 2019 in each of Scotland's 32 councils. The plan was based on a shared risk assessment undertaken by a local area network (LAN), comprising representatives of all the scrutiny bodies who engage with the various councils.

While there is no formal Shared Risk Assessment (SRA) process for integration boards, the LAN for the associated council considers health and social care outcomes, governance and partnership working as part of their assessment of the local authority. We are also the appointed auditor of Midlothian Council and act as the LAN lead for the Midlothian Council SRA. The 2020/21 LAN process is underway and we will report any emerging risks to the IJB as appropriate.

Political environment

Continuing uncertainty exists around a number of factors in the foreseeable future including:

- ▶ **Covid-19 Pandemic:** the impact of the pandemic has dominated the political environment for the past 11 months and will, in all likelihood, continue to do so throughout 2021.
- ▶ **EU withdrawal:** the UK formally exited the EU on 31 January 2020, and following a transition period until 31 December 2020, its relationship with the EU is now fully under new arrangements.
- ▶ **Scotland Independence Referendum:** there is continued uncertainty regarding whether a Scottish independence referendum will be held.
- ▶ **Scottish Parliament Elections:** Scottish elections are due to be held on 6 May 2021.

We will continue to monitor how the IJB prepares for, and responds to, the implications of political factors throughout the audit year.

Accounts Commission Overview

The Accounts Commission ("the Commission") published their Local Government in Scotland: Financial overview 2019/20 report in January 2021. Part 4 of this report provides an overview of the performance of IJBs in 2019/20.

Key messages highlighted by this report included:

- ▶ The majority of IJBs (22 out of 30) struggled to achieve break-even in 2019/20 or recorded deficits.
- ▶ Total mobilisation costs for Health and Social Care Partnerships related to Covid-19 for 2020/21 were estimated as £422 million. The report noted that it is not yet clear whether the Scottish Government will fund all Covid-19 related costs.
- ▶ Revisions will be required to medium-term financial planning and savings plans to reflect the impact of Covid-19 in the immediate future and going forward.
- ▶ There were changes in the role of Chief Officer at 12 IJBs during 2019/20.

Similarly, the Auditor General for Scotland produces an annual overview of the NHS in Scotland with the most recent report issued in October 2019. The report notes that the healthcare system faces increasing pressure from rising demand and costs, and it has difficulty meeting key waiting times standards. NHS boards now have a requirement to develop three-year financial and performance plans to enable them to more effectively plan how services will be delivered in the longer term. However, achieving financial sustainability still remains a major challenge for NHS boards.

The report makes a number of recommendations for the Scottish Government, NHS Boards and also integration authorities. The detail of these, within the context of the report, can be found at: https://www.audit-scotland.gov.uk/uploads/docs/report/2019/nr_191024_nhs_overview.pdf These findings will now have to be considered in the context of a post Covid-19 environment.

As part of our work around the value for money dimension of wider scope, we will continue to review the IJB's assessment of its performance, including progress in shifting the balance of care and in delivering the transformation programme.

Budget setting process 2021/22

The Scottish Budget for 2021/22 was published on 28 January 2021. This announcement focused on key priorities, including the response to the global pandemic.

The IJBs are dependent on agreeing budgets with their partners before the start of the year. Due to delays in the Scottish Budget announcement, partner organisations may be delayed in agreeing their budgets. The IJB continues to monitor Covid-related costs as part of its budgeting and financial monitoring processes in 2021/22. We will consider the IJB's approach to budget setting as part of our wider scope work on Financial Management.

Impact reporting

As part of the 2020/21 wider scope audit work, we will continue to review the IJB's arrangements for considering national reports, including evaluating the findings and implementing recommendations as appropriate.

We will continue to monitor the Audit Scotland performance audit programme as it develops following the global pandemic, and will share any requirements with management as necessary.

Independent Review of Adult Social Care in Scotland

The Review of Adult Social Care in Scotland was announced by the First Minister as part of the Programme for Government in September 2020. The review has been published and makes recommendations for improvements in outcomes for people using adult social care services, their carers and families and improvements in the experience of people working in adult social care. The report has been submitted to the Scottish Government for consideration. If recommendations are accepted by the Scottish Parliament, there may be significant implications for the IJB, including the creation of a national adult care service and changes to the management of assets and resources.

As part of the 2020/21 audit, we will continue to liaise with management to understand any potential impact that this review may have on the IJB in the short and medium term.

3. Financial Statement Risks

Introduction

The IJB's annual financial statements enables the IJB to demonstrate accountability for, and its performance in the use of its resources. They are prepared in accordance with proper accounting practice, which is represented by the 2020/21 Code of Practice on Local Authority Accounting in the United Kingdom.

Audit Opinion

We are responsible for conducting an audit of the financial statements of the IJB. We will provide an opinion on the financial statements as to:

- ▶ whether they give a true and fair view in accordance with applicable law and the 2020/21 Code of the state of affairs of the IJB as at 31 March 2021 and of its income and expenditure for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs, as interpreted and adapted by the 2020/21 Code; and
- ▶ whether they have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

We also review and report on the consistency of the other information prepared and published by the IJB along with its financial statements.

Other Statutory Information

We will consider the other statutory information within the context of current and future guidance. In particular we need to consider how the Covid-19 pandemic has impacted the IJB and how this is reported in the financial statement narrative.

As in previous years, the management commentary and narrative reporting continues to be an area of increased scrutiny as a result of rising stakeholder expectations, including continuing interest by the Financial Reporting Council. We will continue to work with the Chief Finance Officer to support the ongoing enhancement in financial statements disclosures, including narrative commentary, in advance of and subsequent to the publication of the 2020/21 financial statements.

Audit Approach

We determine which accounts, disclosures and relevant assertions could contain risks of material misstatement. Our audit involves:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the IJB, including assurances from the auditors of the constituent councils and health boards in respect of the controls in place and the amounts included in the IJB financial statements.
- ▶ Substantive tests of detail of transactions and amounts. For 2020/21 we plan to follow a predominantly substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Audit and Risk Committee reporting appropriately addresses matters communicated by us to the Audit and Risk Committee and reporting whether it is materially inconsistent with our understanding and the financial statements.

Materiality

For the purposes of determining whether the financial statements are free from material error, in accordance with ISA (UK) 320 we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements.

Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss expectations regarding our detection of misstatements in the financial statements if required.

The amount we consider material at the end of the audit may differ from our initial determination. At the end of the audit we will form, and report to you, our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

Materiality Level

Planning Materiality £1.5 million	Planning materiality (PM) - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements. For initial planning purposes, materiality for 2020/21 has been set at £1.5 million. This represents approximately 1% of the IJB's projected expenditure for the year.
Tolerable Error £1.125 million	Tolerable error (TE) - materiality at an individual account balance, which is set so as to reduce to an acceptably low level that the aggregate of uncorrected and undetected misstatements exceeds PM. We have set it at £1.125 million which represents 75% of planning materiality.
Summary of Audit Differences £75,000	Summary of Audit Differences (SAD) Nominal amount - the amount below which misstatements whether individually or accumulated with other misstatements, would not have a material effect on the financial statements. The Code requires that auditors report at no more than £0.25 million. We have set it at £75,000 which represents 5% of planning materiality.

Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition. Factors which we consider include the perspectives and expectations of users of the financial statements as well as our risk assessment as to the likelihood of material misstatements arising in the financial statements.

Based on these considerations, we apply lower materiality levels to the following areas we consider to be material by nature rather than size:

- ▶ Remuneration Report; and
- ▶ Related Party Transactions.

We will therefore review the disclosures related to the above areas in greater detail compared to the materiality thresholds outlined above.

Covid-19 Pandemic - Impact on Financial Statements

We outlined in our reporting in 2019/20 how the impact of Covid-19 has changed expectations about required disclosures in the financial statements.

- ▶ In line with 2019/20, the governance statement should capture how the control environment has changed during the period of the pandemic, and steps being taken by the IJB to maintain a robust control environment during the disruption. This includes consideration of how key governance functions are continuing to operate, such as key committee meetings and the delivery of internal audit's programme of work.
- ▶ The IJB's management commentary should clearly summarise the performance of the IJB in the year, including the impact of Covid-19 on both its financial performance and future planning, and its impact of key statutory performance indicators.
- ▶ Significant events after the balance sheet date require to be disclosed within the financial statements, either through the post balance sheet events note or in specific accounting notes or the management commentary and governance statement, as appropriate. The detail required in the disclosures will reflect the specific circumstances of the IJB.

Accounting policies

While the impact of Covid-19 has been felt for almost a year now, 2020/21 is the first financial year where the full impact on day to day accounting transactions will be seen in the financial statements. Covid-19 will continue to have a potentially material impact on the financial statements, including how the IJB accounts for significant income and expenditure. Any specific government support may qualify as a new transaction stream and require development of new accounting policies.

Impact on Audit Process

Following the impact of Covid-19 on the financial statement preparation and audit process in 2020, Audit Scotland has provisionally set its reporting deadline for local government bodies at 31 October 2021, a month later than the traditional timeframe but earlier than the 2020 revised deadlines. These deadlines will continue to be reviewed through the year as circumstances change, however the FRC and Audit Scotland have made clear that any deadlines are secondary to the primacy of audit quality and ensuring completeness of work regardless of the environment in which audit takes place.

We have outlined the planned timing for the key deliverables of the audit process in Appendix D. These reflect initial discussions with management and the agreed intention to maintain planned reporting dates in line with previous timeframes. We will continue to work closely with management to review timeframes and logistics for the completion of the audit in 2020/21.

We will aim to take a pragmatic and flexible approach in the current environment, while also recognising that strong financial management and good governance are more important than ever at this difficult time.

Going Concern

In accordance with the CIPFA Code of Practice on Local Government Accounting, the IJB prepares its financial statements on a going concern basis unless informed by the Scottish Government of the intention for dissolution without transfer of services or function to another entity. In 2019/20, the CIPFA bulletin 05 (closure of the 2019/20 financial statements) stated that while there is likely to be a significant impact of Covid-19 on local authority financial sustainability, the rationale for the going concern basis of reporting had not changed.

Under the revised auditing standard, ISA 570, we are required to undertake greater challenge of management's assessment of going concern, including testing of the adequacy of the supporting evidence we obtained. In light of the unprecedented nature of Covid-19, its impact on the funding of public sector entities and uncertainty over the form and extent of government support, we place increased focus on management's assertion regarding the going concern basis of preparation in the financial statements, and particularly the need to report on the impact of financial pressures on the IJB and its financial sustainability.

As part of our 2019/20 audit process we asked management to prepare a going concern assessment, outlining the main areas of consideration in arriving at its conclusion that the IJB was a going concern with no material uncertainties around this conclusion. We also challenged management on the adequacy of some of the disclosures and the expected medium term impact of Covid-19; a number of improved disclosures were made to the financial statements.

Our audit procedures around going concern for this year remain under planning, to ensure we reflect the requirements of the revised ISA's and the revised Practice Note 10. We will agree the required arrangements with management in advance of the yearend audit and report our conclusions as part of our yearend reporting.

Significant Risks

We have set out one significant risk identified for the current year audit along with the rationale and expected audit approach. The risks identified may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of fraud in expenditure recognition, including through management override of control

Under ISA 240 there is a presumed risk that income may be misstated due to improper recognition of income. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which means we also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

Other than expenditure recognition, we have not identified any specific areas where management override will manifest as a significant fraud risk, however we will continue to consider this across the financial statements throughout the audit.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

As a result of the nature of funding to the IJB from Midlothian Council or NHS Lothian, we rebut the assumed fraud risk in respect of the income.

For expenditure we associate the recognition risk to the completeness and occurrence of expenditure incurred by the IJB in commissioning services, and any associated creditor balances held by the IJB at yearend, in particular through management override of controls.

Work we will perform:

- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Identifying any further risks of fraud then determining an appropriate audit strategy to address those identified risks of fraud.
- ▶ Challenging management around how the IJB gains assurance over the expenditure incurred by its partner bodies, so that it can account for the recognition of expenditure to those bodies.
- ▶ Substantively test income and expenditure transactions as appropriate and material, in particular in respect of any reserve funding held by the IJB.
- ▶ Consideration of the impact of Covid-19 on revenue, in particular new revenue streams and accrued income due to receipt of grant income, and its accounting arrangements against existing policies and anticipated updated LASAAC guidance.
- ▶ Obtaining supporting documentation through independent confirmations of the expenditure incurred by the IJB's partners and their auditors, in line with the protocols set out by Audit Scotland for 2020/21 audits.
- ▶ Performing mandatory procedures including testing of all material journal entries and other adjustments in the preparation of the financial statements.

4. Wider scope audit risks

The Code sets out the four dimension that comprise the wider scope audit for public sector in Scotland. These are: financial sustainability, financial management, governance and transparency, and value for money. The Accounts Commission has also set five strategic Audit Priorities in its 2019-24 strategy. In 2020/21 auditors are not specifically asked to consider and report on these through our audit work, however we will continue to consider them as part of our wider scope work through the year.

As part of our risk assessment procedures, we have reviewed each dimension to assess potential areas of risk. We set out our areas of focus, along with specific significant risks relating to each dimension below.

Our wider scope audit work, and the judgements and conclusions reached in these areas, contribute to the overall assessment of and assurance over the achievement of Best Value.

We will include commentary within our Annual Audit Report on how the IJB demonstrates that it is meeting its Best Value duties, in line with Audit Scotland planning guidance. See page 16 for details.

Audit dimension

Significant risk Work we will perform in 2020/21

Financial sustainability:
Considers the medium and longer term outlook to determine if planning is effective to support service delivery. This will focus on the arrangements to develop viable and sustainable financial plans.

Continuing financial pressures

The IJB has a rolling 5 year financial plan in place which continues to be refined and informed by the Scottish Government's Medium Term Financial Framework for Health & Social Care. The 5 year rolling financial outlook was presented to the IJB in December 2020. This was based on pre-pandemic conditions and, at the time of modelling, the plan showed a £3.8 million gap for 2021/22.

In addition to this, the impact of Covid-19 has added further financial pressure and uncertainty to the IJB and its partners. The IJB considered a report at its February 2021 meeting which estimates the overall Covid-19 cost implication for 2020/21 will be in the region of £7 million. Midlothian HSCP has confirmed funding of £4.2 million to cover Covid-19 related costs (excluding FHS and Prescribing which will be funded separately). It is expected that all Covid-19 related costs will be fully funded by the Scottish Government.

We will continue to consider the pace and extent of progress by the IJB to address overall financial pressures in a sustainable way. This will contribution to our overall assessment of Best Value.

Audit dimension

Significant risk Work we will perform in 2020/21

Financial management:

considers the effectiveness of financial management arrangements, including whether there is sufficient financial capacity and resources, sound budgetary processes and whether the control environment and internal controls are operating effectively.

No specific additional audit focus

In our 2019/20 Annual Audit Report we concluded that financial pressures on the IJB's budget were consistently reported by management through the financial year, and overall we were satisfied that the core financial management arrangements established by the IJB were appropriate for the management of financial activities. In 2019/20, the IJB delivered a £0.7 million underspend against budget. The IJB's reserve balances totalled £4.6 million, of which £1.6 million has been earmarked for committed projects.

We will continue to review the outturn position against the forecasts to inform our view on the robustness of financial management and monitoring information. There will be continued focus regarding the impact of Covid-19 on the IJB's financial management arrangements, including remote working and working from home.

We will also consider the IJB's compliance with the CIPFA Financial Management Code, which is effective for local government bodies from 2020/21.

Governance and transparency:

is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.

No specific additional audit focus

Our 2019/20 Report concluded that the IJB has established a sound basis to demonstrate good governance and transparency in its operational activity. The IJB's internal auditors also concluded that "based on our reviews, risk assessments and knowledge, the MIJB's governance arrangements, risk management and systems of internal control are adequate". The Board and the Audit and Risk Committee continued to meet virtually throughout the Covid-19 pandemic.

Legislation requires that the Integration Scheme which governs the operations of the IJB is reviewed by the main partners at least every five years. A review was scheduled to have been concluded by June 2020. However, due to the impact of Covid-19 the review had not been completed at the point of signing the 2019/20 financial statements. We will consider the arrangements that the IJB has put in place to complete this review.

Our audit strategy for 2020/21 will also consider:

- ▶ Can the IJB demonstrate that the governance arrangements are appropriate and continuing to operate effectively, particularly in light of the impact of the Covid-19 pandemic on working arrangements?
- ▶ Is there effective scrutiny, challenge and transparency on decision making and financial and performance reports?
- ▶ Is the Annual Governance Statement complete and does it reflect key findings from audit, scrutiny and inspection?
- ▶ Can the IJB demonstrate adequate progress against audit recommendations?

Audit dimension	Significant risk	Work we will perform in 2020/21
Value for money: considers whether value for money can be demonstrated in the use of resources. This includes the extent to which there is an alignment between spend, outputs and outcomes delivered and that there is a clear focus on improvement.	No specific additional audit focus	<p>In 2019/20, we concluded that the IJB's Strategic Plan was not yet fully supported by an established Performance Management Framework. The Annual Performance Report was published by 31 July 2020 in line with the requirements of legislation. The report highlighted a number of areas of improvement, but some key indicators, including delayed discharges, remain below the national average.</p> <p>We will consider how the IJB is addressing value for money in relation to the impact of Covid-19, specifically in relation to the potential impact on performance reporting measures.</p> <p>We will also continue to review the IJB's arrangements for considering national reports, including evaluating the findings and implementing recommendations, such as reports from the Care Inspectorate.</p>

Best Value

In 2019/20, we concluded the Board has a number of key characteristics of Best Value in place, including effective partnership working and robust governance arrangements. However we noted that, in our view, the IJB does not yet have a framework in place to allow it to demonstrate to the Board that Best Value is being achieved.

A planned self assessment against the Audit Scotland's Best Value guidance for IJBs, *Auditing Best Value - Integration Joint Boards*, was delayed during 2019/20 as a result of the global pandemic. We will support the IJB's self-assessment and our work in 2020/21 will include consideration of:

- ▶ How the IJB is demonstrating the impact of integration;
- ▶ The effectiveness of plans in improving the outcomes for local people;
- ▶ How the integration partners are working together to deliver integration reform; and
- ▶ The overall pace and scale of change.

This will be a key step to allow the IJB to demonstrate that it meets Best Value responsibilities.



Appendices

A - Code of Audit Practice: responsibilities

B - Independence and audit quality

C - Required communications with the Audit and Risk Committee

D - Timing and deliverables of the audit

E - Audit fees

F - Additional audit information

Appendix A: Code of Audit Practice Responsibilities

Audited Body's Responsibilities

Corporate Governance

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including audit committees or equivalent) in monitoring these arrangements.

Financial Statements and related reports

Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:

- ▶ preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation.
- ▶ maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support their financial statements and related reports disclosures.
- ▶ ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority.
- ▶ maintaining proper accounting records.
- ▶ preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer-term financial sustainability of the body.
- ▶ Management, with the oversight of those charged with governance, should communicate clearly and concisely relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

Standards of conduct / prevention and detection of fraud and error

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- ▶ such financial monitoring and reporting arrangements as may be specified
- ▶ compliance with any statutory financial requirements and achievement of financial targets
- ▶ balances and reserves, including strategies about levels and their future use
- ▶ how they plan to deal with uncertainty in the medium and longer term
- ▶ the impact of planned future policies and foreseeable developments on their financial position.

Best Value

Local authority bodies have a statutory duty, under the Local Government (Scotland) Act 1973 and associated statutory guidance, to make arrangements to secure best value through the continuous improvement in the performance of their functions.

Appendix B: Independence Report

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard. 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues.

We confirm that we have undertaken client and engagement continuance procedures, which include our assessment of our continuing independence to act as your external auditor.

Appendix C: Required Communications

Required communication	Our reporting to you
Terms of engagement / Our responsibilities Confirmation by the Audit and Risk Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. Our responsibilities are as set out in our engagement letter.	Audit Scotland Terms of Appointment letter - audit to be undertaken in accordance with the Code of Audit Practice
Planning and audit approach Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Annual Audit Plan
Significant findings from the audit <ul style="list-style-type: none"> Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Annual Audit Plan Annual Audit Report
Going concern Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> Whether the events or conditions constitute a material uncertainty Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements The adequacy of related disclosures in the financial statements 	Annual Audit Report
Misstatements <ul style="list-style-type: none"> Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation The effect of uncorrected misstatements related to prior periods A request that any uncorrected misstatement be corrected Corrected misstatements that are significant Material misstatements corrected by management 	Annual Audit Report
Fraud <ul style="list-style-type: none"> Enquiries of the Audit and Risk Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity Any fraud that we have identified or information we have obtained that indicates that a fraud may exist A discussion of any other matters related to fraud 	Annual Audit Report
Consideration of laws and regulations <ul style="list-style-type: none"> Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off Enquiry of the Audit and Risk Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Risk Committee may be aware of 	Annual Audit Report or as occurring if material.

Required communication	Our reporting to you
<p>Related parties</p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	<p>Annual Audit Report or as occurring if material.</p>
<p>Independence</p> <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Annual Audit Plan</p> <p>Annual Audit Report</p>
<p>Internal controls</p> <p>Significant deficiencies in internal controls identified during the audit</p>	<p>Annual Audit Report</p>
<p>Representations</p> <p>We will request written representations from management and/or those charged with governance.</p>	<p>Annual Audit Report</p>
<p>Subsequent events</p> <p>Where appropriate, asking the audit committee whether any subsequent events have occurred that might affect the financial statements.</p>	<p>Annual Audit Report</p>
<p>Material inconsistencies and misstatements</p> <p>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise.</p>	<p>Annual Audit Report</p>
<p>Fee Reporting</p> <ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	<p>Annual Audit Plan</p> <p>Annual Audit Report</p>

Appendix D: Timing and deliverables of the audit

We deliver our audit in accordance with the timeline set by the IJB, in accordance with the most recent planning guidance from Audit Scotland. Below is a timetable showing the key stages of the audit and the deliverables through the 2020/21 audit cycle. The timetable will be subject to ongoing consideration of the impact of the Covid-19 pandemic.

	Audit Activity	Deliverable	Timing
JAN	<ul style="list-style-type: none"> Audit planning; setting scope and strategy for the 2020/21 audit LAN meetings held with other scrutiny partners 	Annual Audit Plan	March 2021
FEB			
MAR			
APR	<ul style="list-style-type: none"> Ongoing assessment around wider scope dimensions and support of Audit Scotland requested information 	We will continue to monitor Audit Scotland performance audit programme following Covid-19	Throughout 2021
MAY			
JUN			
JUL	<ul style="list-style-type: none"> Year-end substantive audit fieldwork on unaudited financial statements 	Audit clearance meeting	August 2021
AUG	<ul style="list-style-type: none"> Conclude on results of audit procedures Issue opinion on the IJB's financial statements 	Certify Annual Financial Statements	September 2021
SEP		Issue Annual Audit Report	

Appendix E: Audit fees

The audit fee is determined in line with Audit Scotland's fee setting arrangements, set out in recent communications to all audited bodies in line with their publication on 'Our Approach to setting audit fees' (http://www.audit-scotland.gov.uk/uploads/docs/um/audit_fee_approach.pdf).

Audit Fees		2020/21	2019/20
	Component of fee:		
	Auditor remuneration - expected fee	£18,850	£18,300
	Auditor remuneration - fee variation	-	£1,800
	Audit Scotland fixed charges:		
	Pooled costs	£1,790	£1,790
	Performance audit and best value	£5,650	£5,360
	Audit support costs	£1,040	£1,110
	Total fee	£27,330	£28,360

The expected fee for each body, which for 2020/21 has been set centrally by Audit Scotland, assumes that it has sound governance arrangements in place and operating effectively throughout the year, prepares comprehensive and accurate draft financial statements and supporting schedules, and meets the agreed timetable for the audit. It also assumes there is no major change in respect of the scope of work in the year and an unqualified audit opinion resulting from the audit. Should any of these circumstances not be in place throughout the audit, it is expected that additional costs will be incurred through the course of the audit which will be subject to recovery in line with the agreed process and rates set out by Audit Scotland. Under this process, fees can be agreed between the auditor and audited body by varying the auditor remuneration by up to 10% above the level set, or more with the approval of Audit Scotland.

In 2019/20 we agreed a fee variation with management in relation to additional work required as a result of the impact of Covid-19 on various aspects of the audit. We will continue to consider the impact of Covid-19 on the audit going forward. Should additional audit requirements arise we will raise these with management through the course of the audit and agree variations as appropriate, and report the final position to the Audit and Risk Committee with our annual audit report.

Appendix F: Additional audit information

In addition to the key areas of audit focus outlined within the plan, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards	<ul style="list-style-type: none"> ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the IJB's internal control. ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. ▶ Conclude on the appropriateness of the going concern basis of accounting. ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ▶ Read other information contained in the financial statements, the Audit and Risk Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and ▶ Maintaining auditor independence.
Purpose and evaluation of materiality	<p>For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.</p> <p>Materiality determines the locations at which we conduct audit procedures and the level of work performed on individual account balances and financial statement disclosures.</p> <p>The amount we consider material at the end of the audit may differ from our initial determination. At this stage it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.</p>
Audit Quality Framework / Annual Audit Quality Report	<p>Audit Scotland are responsible for applying the Audit Quality Framework across all audits. This covers the quality of audit work undertaken by Audit Scotland staff and appointed firms. The team responsible are independent of audit delivery and provide assurance on audit quality to the Auditor General and the Accounts Commission.</p> <p>We support reporting on audit quality by proving additional information including the results of internal quality reviews undertaken on our public sector audits. The most recent audit quality report can be found at: Quality of public audit in Scotland annual report 2019/20 Audit Scotland (audit-scotland.gov.uk)</p> <p>EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details can be found in our annual Transparency Report: EY UK Transparency Report 2020 EY UK</p>

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Midlothian Integration Joint Board Audit and Risk Committee



Thursday 4 March 2021, 2.00pm

Midlothian IJB Internal Audit Annual Plan 2021/22

Item number: 5.4

Executive summary

The purpose of this report is to gain approval to the proposed Internal Audit Annual Plan 2021/22 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 2021/22 (Appendix 1).

Midlothian IJB Internal Audit Annual Plan 2021/22

1. Purpose

- 1.1 The purpose of the Report is to present the proposed Internal Audit Annual Plan 2021/22 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 2021/22 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 2021/22 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 within the MIJB.

4. Reporting of Internal Audit Results

- 4.1 At the end of the year the Internal Audit Annual Assurance Report 2021/22 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.

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 MIJB. The Midlothian Council Internal Audit Annual Plan 2021/22, to be presented to its Audit Committee on 9 March 2021 for approval, allocates a total of 40 days to support the MIJB Internal Audit Annual Plan 2021/22, including providing the MIJB Chief Internal Auditor. The Internal Audit Charter and Internal Audit Strategy, presented for approval at the same meeting of Midlothian Council Audit Committee, are applicable for the provision of Internal Audit services to MIJB. Those documents set out respectively the conformance of the Internal Audit team to the PSIAS standards and the approach to the planning, delivery and reporting of Internal Audit activity associated with the MIJB.

- 7.2 There is a commitment by NHS Lothian to provide Internal Audit resource to the MIJB. The NHS Lothian Internal Audit team will provide 30 days per IJB which will be reflected in the NHS Lothian Internal Audit Annual Plan 2021/22 that is scheduled for presentation to its Audit and Risk Committee in April 2021 for approval in accordance with its Internal Audit governance.

8. Risks

- 8.1 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 Finance 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 2021/22 has been informed by the risks, controls and mitigation actions as set out within the MIJB's Strategic Risk Register to ensure that Internal Audit plans are risk-based and provide relevant assurance.
- 8.2 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.
- 8.3 The MIJB Internal Audit Annual Plan 2021/22 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.

9. Involving People

- 9.1 Consultation on this Plan has been undertaken with the MIJB Chief Officer, Chief Finance Officer and Integration Manager prior to submission to the MIJB Audit and Risk Committee.

10. Background Papers

See Appendix 1.

AUTHOR'S NAME	Jill Stacey
DESIGNATION	MIJB Chief Internal Auditor
CONTACT INFO	
DATE	15/02/2021

Ref	Category	Audit	Days	Commentary
1.	Assurance	Annual Assessment of Internal Control and Governance	12	<p>Prepare an annual assurance report for MIJB Management and MIJB Audit and Risk Committee summarising the work undertaken by Internal Audit during the year and forming an opinion on the adequacy of the MIJB's arrangements for risk management, governance and internal control for delegated resources.</p> <p>Conduct a high level review of risk management arrangements in operation.</p> <p>Test a sample of the key elements in the MIJB Code of Corporate Governance to determine whether these are operating effectively. This will be used to inform the MIJB's Annual Governance Statement.</p>
2.	Assurance	tbc	30	<p>NHS Lothian Internal Audit team will deliver this Audit.</p> <p>The scope of the Audit is yet to be determined. Options for discussion: focus on a specific MIJB Direction or commissioned service; the implementation of the ministerial task force recommendations; set aside and financial planning; or other area of risk.</p>
3.	Assurance	Financial Planning and Management	15	<p>Review to ensure that 2021/22 budgets are based on realistic plans and monitoring reports enable service delivery within approved budget.</p>

Ref	Category	Audit	Days	Commentary
4.	Other	Recommendations Follow Up Review	8	Undertake two reviews: The first will assess performance against closing Audit Actions by the agreed due date; and the second will include a sample check on the adequacy of new internal controls for Audit Actions flagged as closed.
5.	Other	Administration of Audit Scotland Reports	1	Monitor publication of Audit Scotland reports and co-ordinate submission by Management of relevant Audit Scotland Reports to the MIJB Audit and Risk Committee / Board.
6.	Other	Audit Committee Self-Assessment	1	Provide assistance to Chair in undertaking a self-assessment of the MIJB Audit and Risk Committee against the CIPFA best practice guidance.
7.	Other	Attendance at Boards / Committees	2	Prepare for and attend MIJB Board / Audit and Risk Committee meetings.
8.	Other	Audit Planning for 2022/23	1	Renew risk assessment, develop and consult on proposed coverage within the MIJB Internal Audit Annual Plan 2022/23.
	Total		70	Midlothian Council's Internal Audit function will provide 40 days and NHS Lothian Internal Audit team will provide 30 days to support the delivery of the Plan.

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 4 March 2021, 2.00pm

Midlothian IJB Local Code of Corporate Governance

Item number: 5.5

Executive summary

The purpose of this report is to provide the MIJB Audit and Risk Committee with the opportunity to scrutinise the updated Local Code of Corporate Governance for the Midlothian Integration Joint Board and recommend it for MIJB approval, to assist with the 2020/21 annual assurance process.

The MIJB Audit and Risk Committee is therefore asked to:

- Note the changes outlined in this report;
- Recommend to the MIJB for approval of the updated Local Code of Corporate Governance (Appendix 1); and
- Note that the updated Local Code will be used for the 2020/21 annual assurance process.

Midlothian IJB Local Code of Corporate Governance

1. Purpose

- 1.1 This report provides the MIJB Audit and Risk Committee with the opportunity to scrutinise the updated Local Code of Corporate Governance for the Midlothian Integration Joint Board and recommend it for MIJB approval, to assist with the 2020/21 annual assurance process.

2. Recommendations

- 2.1 Note the changes outlined in this report;
- 2.2 Recommend to the MIJB for approval of the updated Local Code of Corporate Governance (Appendix 1); and
- 2.3 Note that the updated Local Code will be used for the 2020/21 annual assurance process.

3. Background

- 3.1 Midlothian IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 3.2 The MIJB Local Code of Corporate Governance was approved by MIJB in June 2019.
- 3.3 Fundamentally Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values by which the authority is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
- 3.4 The CIPFA/SOLACE Framework urges local authorities (including integration authorities) to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis.
- 3.5 The Audit & Risk Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.¹

¹ CIPFA guidance note for local authorities 'Audit Committees' (2018)

4. Local Code of Corporate Governance

- 4.1 The MIJB Internal Audit Annual Assurance Report 2019/20, which was presented to the MIJB on 11 June 2020, stated within the audit opinion section:
- “The MIJB’s Local Code of Corporate Governance has been updated during the year and the format significantly revised by Internal Audit with MIJB Management to ensure this key document complies with the CIPFA/SOLACE ‘Delivering Good Governance in Local Government: Framework’ (2016) and continues to be relevant and complete by reflecting the appropriate framework for effective governance of the MIJB’s business, including its role as the strategic commissioning body i.e. setting out when responsibility lies with the Board or where reliance is placed on the arrangements in place at its Partners. The content and format of the Annual Governance Statement should reflect the annual review of compliance with the updated Local Code. The updated MIJB Local Code of Corporate Governance will be submitted for scrutiny by the MIJB Audit and Risk Committee, with the recommendation that it is approved by the Board thereafter.”
- 4.2 The 7 core principles of good governance set out in the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’ (2016) are:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - B. Ensuring openness and comprehensive stakeholder engagement
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes
 - E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it
 - F. Managing risks and performance through robust internal control and strong public financial management
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- 4.3 The main changes to the Local Code cover:
- Comprehensive evidence against each of the seven principles of good governance and sub-principles, including where reliance is placed on the arrangements within the partner organisations;
 - Updates to strategies, plans and processes which reflect the current operating environment; and
 - Enhancements arising from audit and inspection findings, and other planned changes.
- 4.4 The updated Local Code of Corporate Governance for Midlothian Integration Joint Board (Appendix 1) is presented to the MIJB Audit and Risk Committee for scrutiny prior to approval by MIJB. The updated Local Code will be used for the 2020/21 annual assurance process.

5. Policy Implications

- 5.1 The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) is intended to ensure that health and social care services in Scotland are well integrated, so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care.
- 5.2 The Midlothian Integration Joint Board (MIJB), established as a separate legal entity as required by the Act, 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.
- 5.3 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.
- 5.4 The overall aim of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016), on which MIJB's Local Code of Corporate Governance is framed, is to ensure that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.
- 5.5 Core principle of good governance "D. Determining the interventions necessary to optimise the achievement of the intended outcomes" is included within the CIPFA/SOLACE Framework. Prevention and detection internal controls and governance arrangements are a key part of the good governance framework within the MIJB's Local Code of Corporate Governance.
- 5.6 Core principle of good governance "C. Defining outcomes in terms of sustainable economic, social, and environmental benefits" is included within the CIPFA/SOLACE Framework. MIJB's evidence of systems, processes and documentation to demonstrate local compliance with this core principle of good governance is set out in its Local Code of Corporate Governance.
- 5.7 The updated Local Code will be used for the 2020/21 annual assurance process. This process includes the annual self-assessment, the identification of improvement actions that are designed to enhance the internal control environment, and risk management and corporate governance arrangements, and the preparation and publication of an Annual Governance Statement reporting on the review and outcomes. This process not only creates an opportunity for the MIJB to set out its standards for good governance but also to ensure that its governance arrangements are seen to be sound. This is important as the governance arrangements in public services are closely scrutinised.

- 5.8 This demonstrates the core principle of good governance “G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability” included within the CIPFA/SOLACE Framework.

6. Equalities Implications

- 6.1 The application of equalities legislation within practices is set out in MIJB’s Local Code of Corporate Governance to demonstrate compliance of core principle of good governance “A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law” which is included within the CIPFA/SOLACE Framework.
- 6.2 The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board’s business are defined in the approved Scheme of Integration and the approved Standing Orders to make sure that public business is conducted with fairness and integrity.

7. Resource Implications

- 7.1 Core principle of good governance “E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it” is included within the CIPFA/SOLACE Framework.

8. Risks

- 8.1 The review and update of the Local Code of Corporate Governance will ensure that internal controls, risk management and other governance arrangements reflect the arrangements in place on an evidence-basis.
- 8.2 Core principle of good governance “F. Managing risks and performance through robust internal control and strong public financial management” is included within the CIPFA/SOLACE Framework. MIJB’s evidence of systems, processes and documentation to demonstrate local compliance with this core principle of good governance is set out in its updated Local Code of Corporate Governance, including where MIJB places reliance on the governance arrangements adopted by NHS Lothian and Midlothian Council, the partners.

9. Involving People

- 9.1 Core principle of good governance “B. Ensuring openness and comprehensive stakeholder engagement” is included within the CIPFA/SOLACE Framework. MIJB’s evidence of systems, processes and documentation to demonstrate local compliance with this core principle of good governance is set out in its Local Code of Corporate Governance.

- 9.2 The MIJB Chief Officer, Chief Finance Officer and Integration Manager were engaged with Internal Audit in the significant update of evidence and format changes of the MIJB Local Code of Corporate Governance during 2019/20. Internal Audit has reflected any further updates as part of its assessment of internal control and governance during 2020/21.

10. Background Papers

See Appendix 1 'MIJB Local Code of Corporate Governance'.

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The public sector has adopted Corporate Governance principles. Fundamentally Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values, by which organisations are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

The 7 core principles of good governance are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Authorities are urged to test their structure against these principles by reviewing their existing governance arrangements against the Framework, developing and maintaining an up-to-date local code of governance including arrangements for ensuring its ongoing application and effectiveness and preparing a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the current period.

The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils the statutory requirement for the authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. This process not only creates an opportunity for the Integration Joint Board to set out its standard for good governance but also to ensure that its governance arrangements are seen to be sound. This is important as the governance arrangements in public services are closely scrutinised.

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

A1 Behaving with integrity

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	Reliance is placed on the values and standards set out in the MIJB'S code of conduct and those within of the codes of conduct employer partner organisations and their organisational development plans. These are to be reviewed and sent out annually.
2	Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	The Scheme of Integration document serves as the approved constitution. Standing Orders and Scheme of Delegation. Reliance is placed on the values and standards set out in the MIJB'S code of conduct and those within the codes of conduct of employer partner organisations and their organisational development plans.
3	Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Reliance is placed on the arrangements within the employer partner organisations for identifying, mitigating and recording conflicts of interest, hospitality and gifts. Declarations of Interest are a standard agenda item at all meetings of the Board. The Annual Governance Statement will be the outcome of the annual self-evaluation of compliance.
4	Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	As A1.3 The role of the MIJB Audit and Risk Committee is to have high-level oversight of internal control, governance and risk management. The MIJB Audit and Risk Committee has been constituted with a terms of reference. The MIJB has developed a complaints policy. Reliance is also placed on partners' policies and processes for complaints and whistle blowing

A2 Demonstrating strong commitment to ethical values

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Seeking to establish, monitor and maintain the organisation's ethical standards and performance	The Annual Governance Statement is the outcome of an annual self-evaluation of compliance.
2	Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Reliance will be placed on the arrangements within the partner organisations for <ul style="list-style-type: none"> • Provision of ethical awareness training

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	Developing and maintaining robust policies and procedures	<ul style="list-style-type: none"> • Appraisal processes taking account of values and ethical behaviour • Staff appointments policy • Procurement policy • Ethical values feature in contracts with external service providers
4	Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	

A3 Respecting the rule of law

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	<p>Advice and overseeing compliance on legal matters will be provided by the Chief Officer, Chief Financial Officer, Chief Internal Auditor and Clerk to the MIJB as appropriate to their roles.</p> <p>If required legal advice would be sought from Central Legal Office (NHS) or Council's Legal Officers as appropriate.</p>
2	Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	<p>The Scheme of Integration sets out the roles and responsibilities of statutory officers (Chief Officer, Chief Financial Officer)</p> <p>Guidance is available. As A3.1.</p>
3	Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	<p>The scope is set out in the Scheme of Integration in order to comply with the Public Bodies (Joint Working) (Scotland) Act 2014 which requires Health Boards and Local Authorities to integrate planning for, and delivery of, certain adult health and social care services.</p> <p>Guidance is available on use of powers. As A3.1.</p>
4	Dealing with breaches of legal and regulatory provisions effectively.	<p>In the context of health and social care integration this is a matter for the Chief Officer.</p> <p>Reliance will be placed on the arrangements within the partner organisations for ensuring legal compliance in operation of services.</p> <p>Advice and overseeing compliance on legal matters will be provided by the Chief Officer supported by Board Clerk, Chief Financial Officer, and Chief Internal Auditor as appropriate to their roles.</p>
5	Ensuring corruption and misuse of power are dealt with effectively	<p>Reliance will be placed on the arrangements within the partner organisations for effective counter fraud and corruption policies and procedures in operation of services.</p>

B. Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

B1 Openness

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	<p>Corporate governance is about openness, integrity and accountability and the Local Code sets out the MIJB's systems and processes through which it accounts to, engages with and, where appropriate, leads its communities.</p> <p>Minutes and Reports are published on the MIJB website. The MIJB business is held in public unless there are good reasons for not doing so on the grounds of confidentiality.</p> <p>Reliance will be placed on the arrangements within the partner organisations to ensure compliance with Data Protection and Freedom of Information legislation.</p>
2	Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	As B1.1
3	Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	<p>Calendar of dates for submitting, publishing and distributing reports.</p> <p>Reports set out professional advice and considerations in reaching recommendations.</p> <p>Professional advice and overseeing compliance with the legal and financial framework will be provided by the Chief Officer, Chief Financial Officer, Chief Internal Auditor and Clerk to the MIJB as appropriate to their roles.</p>
4	Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	<p>Community engagement was encouraged as part of the development of the Scheme of Integration and both the current and refreshed Strategic Plan.</p> <p>Community engagement is a continual and ongoing process in order to develop integrated services relevant to the needs of service users.</p>

B2 Engaging comprehensively with institutional stakeholders

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	The Strategic Plan was developed following consultations with interested parties including members of the public, therefore highly co-produced.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
2	Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Midlothian Council and NHS Lothian are the principal partners. Also involved are the third sector, independent sector and user/ carer representatives. The Strategic Planning Group with full representation from the Principal Partners, 3 rd Sector and Patient/Service Users is also part of the governance arrangements.
3	Ensuring that partnerships are based on: <ul style="list-style-type: none"> • trust • a shared commitment to change; • a culture that promotes and accepts challenge among partners; and that • the added value of partnership working is explicit 	As B2.2.

B3 Engaging stakeholders effectively, including individual citizens and service users

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service/other provision is contributing towards the achievement of intended outcomes	As B2.1.
2	Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	As B2.1
3	Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	As B2.1
4	Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.	Consultation processes seeks to secure opinion which is as inclusive as possible.
5	Taking account of the interests of future generations of tax payers and service users	The partnership has a statutory responsibility to involve patients and members of the public in how health and social care services are designed and delivered.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

C1 Defining outcomes

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	The vision, strategic objectives and outcomes are reflected in Strategic Plan which has been refreshed. Work has commenced on the development of a new vision and values for the Strategic Plan 2022-2025.
2	Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	As C1.2
3	Delivering defined outcomes on a sustainable basis within the resources that will be available	A medium term financial strategy 2019-2022 has been signed off by the MIJB. There is an MIJB approved rolling five year medium term financial plan, a strategic Plan, an annual delivery plan and routine financial reporting.
4	Identifying and managing risks to the achievement of outcomes	A Risk Management Strategy has been approved by the MIJB. The MIJB maintains a Strategic Risk Register in which risks to its own objectives and achievement of outcomes are identified and managed.
5	Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	As B2.1

C2 Sustainable economic, social and environmental benefits

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Economic and social (as it relates to improved outcomes) impact of policies and plans are taken into account when taking strategic commissioning decisions about service provision. Reliance is placed on the partners' arrangements for environmental impact assessments at operational level.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
2	Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	<p>Decision-making reports to the MIJB and its Committees generally set out the implications of risk.</p> <p>The Board intends to add risk as a standing agenda item to board papers commencing in 2020/2021</p> <p>Potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints would ordinarily be recognised. There is an MIJB approved medium term financial strategy, medium term financial Plan, annual financial plans and routine financial reporting.</p> <p>Value for money arrangements within the MIJB require further development. In the meantime, reliance will be placed on the value for money arrangements within the partner organisations. The Audit Scotland report on Auditing Best Value for MIJBs was presented to the MIJB Audit and Risk Committee in March 2019.</p> <p>Service redesign through either disinvestment or targeted reinvestment is reflected in the Strategic Plan and the annual delivery plan and through Directions to partners. The Realistic Care Realistic Medicine programme board monitors and oversees this transformation work.</p> <p>Performance reporting is in place in respect of identified Ministerial priority areas in the Annual Performance Report. Other Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals.</p>
3	Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	As C2.2
4	Ensuring fair access to services	<p>As C2.2.</p> <p>Reliance will be placed primarily on the equality and diversity arrangements within the partner organisations.</p>

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

D1 Determining interventions

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	Decision-making reports to the MIJB and its Committees cover Policy/Strategy, Consultation and assessment of risk. Committee reports are published on the MIJB's website For best value - see C2.2 above
2	Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	The strategic plan is based on consultation. The plan has been updated and is based upon further consultation. The Partnership has a statutory responsibility to involve patients and members of the public in how health and social care services are designed and delivered.

D2 Planning interventions

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Reporting schedule for meetings and timetable for papers. Committee reports are published on the MIJB's website.
2	Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	See D1.2
3	Considering and monitoring risks facing each partner when working collaboratively including shared risks	The MIJB and Partners have their own Risk Management Frameworks in place. The MIJB has decided that the Partners are responsible for managing their own risks and the MIJB will monitor Partners risks where those risks threaten the delivery of the MIJB's objectives.
4	Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Directions have been issued for service redesign. Directions for 2020-2021 were revised and reissued in October 2020 to reflect the impact of the Covid19 pandemic.
5	Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Performance reporting is in place in respect of identified Ministerial priority areas in the Annual Performance Report. Other Performance Reports were presented to the Board for monitoring and control of achievement of Local Improvement Goals.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
6	Ensuring capacity exists to generate the information required to review service quality regularly	The MIJB places reliance on Service quality reviews which are performed by the Partners. Independent assurance is gained from external inspection bodies.
7	Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	Budget offers/allocations are made to MIJB from its Partners. The MIJB assesses this in totality to support the delivery of its Strategic Plan.
8	Informing by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	The MIJB is working towards sustainable service provision. Need to be clear that capital is not delegated to the MIJB from partners.

D3 Optimising achievement of intended outcomes

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	A medium term financial strategy 2019-2022 has been signed off by the MIJB.
2	Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Medium term financial plan is in place.
3	Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	As D3.1
4	Ensuring the achievement of 'social value' through service planning and commissioning <i>(Social Value is technically referred to as Community Benefit in Scotland)</i>	Reliance will be placed on the arrangements for achieving community benefits within the partner organisations. This will be a focus area for 2020/2021.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

The integration authority needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. The integration authority must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

E1 Developing the entity's capacity

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness	Reliance will be placed on the arrangements within the partner organisations, integrated through the HSCP
2	Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	As E1.1
3	Recognising the benefits of partnerships and collaborative working where added value can be achieved	The benefits of partnerships and collaborative working where added value can be achieved has been recognised and is at the core of MIJB planning and decision making.
4	Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	The MIJB has developed and maintains a workforce plan. The plan requires updating to reflect current strategic plan and possible changes required to address significant budgetary challenges

E2 Developing the capability of the entity's leadership and other individuals

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Regular meetings are held between the Chief Officer and the Chair and Vice Chair of the MIJB. The Chief Officer also meets regularly with representatives from the partner organisations.
2	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	The Scheme of Integration, Standing Orders and Scheme of Delegation.
3	Ensuring clearly defined and distinctive leadership roles within a structure, whereby the chief officer leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	As E2.1

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
4	Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.	MIJB Development Sessions have been and continue to be held. There is a development programme in place for the Board Members of the MIJB and there is a leadership development programme for the joint management team supported by workforce plans with a key focus on team leader development. A collaborative leadership strategy is being developed.
5	Ensuring that there are structures in place to encourage public participation	The partnership has a statutory responsibility to involve patients and members of the public in how health and social care services are designed and delivered.
6	Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	National reports on progress with integration have been reviewed and an action plan for improvement put in place.
7	Holding staff to account through regular performance reviews which take account of training or development needs	Reliance will be placed on the arrangements within the partner organisations, integrated via HSCP
8	Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	As E2.7

F. Managing risks and performance through robust internal control and strong public financial management

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

F1 Managing risk

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	A Risk Management Strategy is in place It includes the reporting structure; types of risks to be reported; risk management framework and process; roles and responsibilities; and monitoring risk management activity and performance.
2	Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	As F1.1
3	Ensuring that responsibilities for managing individual risks are clearly allocated	As F1.1.

F2 Managing performance

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review	Performance reporting is in place on identified Ministerial priority areas within the Annual Performance Report. Other Performance Reports are presented to the Board for monitoring and control of achievement of Local Improvement Goals.
2	Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	Decision-making reports to the MIJB and its Committees.

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
3	<p>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system)</p> <p>Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making</p> <p>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</p>	<p>Opportunities for constructive challenge and debate on policies and objectives exist at MIJB Board meetings.</p> <p>Performance reporting to the MIJB on annual delivery plans and on progress towards outcome achievement for monitoring and control purposes.</p> <p>Notes of Strategic Planning Board now received by the Board.</p>
4	Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	As F2.3
5	Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (eg financial statements)	<p>Financial standards, guidance within the employer partner organisations.</p> <p>MIJB Financial Regulations and Standing Orders.</p> <p>External Audit of MIJB annual financial statements.</p>

F3 Robust internal control

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Aligning the risk management strategy and policies on internal control with achieving objectives	A Risk Management Strategy is in place.
2	Evaluating and monitoring risk management and internal control on a regular basis	As F3.1
3	Ensuring effective counter fraud and anti-corruption arrangements are in place	Reliance will be placed on counter fraud and corruption arrangements within the partner organisations.
4	Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Internal Audit service is provided by the Council's Internal Audit team which has a shared service arrangement with Scottish Borders Council including the appointed MIJB Chief Internal Auditor, and in liaison with NHS Lothian Internal Audit team which provides specified Internal Audit days.
5	<p>Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:</p> <ul style="list-style-type: none"> provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon 	The MIJB Audit and Risk Committee has been constituted with a Terms of Reference.

F4 Managing data

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	<p>Reliance will be placed on the arrangements for managing data within the partner organisations.</p> <p>A data sharing agreement is in place between the Council and NHS.</p>
2	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	
3	Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	

F5 Strong public financial management
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	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance	<p>Medium and long-term financial management processes and plans are not in place due to constraints of annual budget setting by Partners (and Scottish Government).</p> <p>There is an MIJB approved medium term financial strategy and routine financial reporting.</p>
2	Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	<p>Budget monitoring process and reporting to MIJB Board.</p> <p>There is an opportunity for MIJB members to enhance their understanding of the financial papers as required.</p>

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

G1 Implementing good practice in transparency

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Reports are written and communicated in an understandable style appropriate to the intended audience and ensuring that they are easy to access via the MIJB website. For the 2019/2020 report, information has been provided by locality where possible.
2	Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	An annual performance report is published which is written to inform readers on key matters. The Annual Accounts and Report that sets out the financial position is produced in accordance with accounting regulations.

G2 Implementing good practices in reporting

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Reporting at least annually on performance, value for money and the stewardship of its resources	As G1.2 The Audit Scotland report on Auditing Best Value for IJBs was presented to the MIJB Audit and Risk Committee in March 2019.
2	Ensuring members and senior management own the results	The Integration Joint Board has approved the statutory roles of Chief Officer and Chief Financial Officer.
3	Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Review of the Framework reported in the Annual Governance Statement.
4	Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Reliance will be placed on the governance arrangements within the partner organisations.
5	Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	As G2.1

G3 Assurance and effective accountability

	Behaviours and actions that demonstrate good governance	Demonstration of good governance in practice
1	Ensuring that recommendations for corrective action made by external audit are acted upon.	The Accounts Commission appoints the External Auditors of the MIJB. Any recommendations made by External Audit are acted upon.
2	Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	The Board appointed a Chief Internal Auditor for the Integration Joint Board with agreement that Internal Audit services for the MIJB will be provided by the Council's Internal Audit team which has a shared service arrangement with Scottish Borders Council, and in liaison with NHS Lothian Internal Audit team which provides specified Internal Audit days. Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2019). Compliance with Public Sector Internal Audit Standards. Regular reports are presented to the MIJB Audit and Risk Committee on Management's progress with implementation of recommendations made by Internal Audit to ensure these are acted upon.
3	Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Any recommendations made by Regulatory Bodies or Inspection Agencies are acted upon.
4	Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	As risk management set out in F1 above. Annual Governance Statement included within Statutory Accounts.
5	Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	The vision, strategic objectives and outcomes are reflected in the Partnership's strategic plan which has been approved and published by the MIJB. The Board is made up of members from the Council and NHS Lothian.