

Below is the list of Internal Audit reports by partners' Internal Audit providers (MLC Internal Audit for Midlothian Council; NHS Lothian Internal Audit for NHS Lothian) that have been presented to their respective Audit Committees within the second half year 2020/21 and the first half year 2021/22 which are relevant to MIJB for assurance purposes, with a summary of assurances contained therein.

Partner Committee	Audit Title	Audit Objective	Internal Audit Summary Findings and Conclusions
<p>Midlothian Council Audit Committee 8 December 2020 (Source: Midlothian Council website Committee meetings)</p>	<p>Change and Transformation Programme</p>	<p>To monitor the implementation of improvements to the governance and accountability arrangements for the change and transformation programme including processes for benefit (financial and other) identification, tracking and realisation.</p>	<p>There is a clear impetus for change in order for the Council to deliver quality services on a financially sustainable basis. Business Transformation Board (BTB) and Business Transformation Steering Group (BTSG) meetings in late 2019 and early 2020 enabled the latter to agree recommendations to be made to Council on 11 February 2020 on service budgets for 2020/21 and Council Tax.</p> <p>Of the six recommendations made in the previous year's report: 3 High have been implemented and 2 High and 1 Medium have been partially implemented for 2020/21. BTB and BTSG meetings are scheduled to enable the further opportunity to demonstrate the revised approach for future years and full implementation.</p>
	<p>Business Planning, Budget Setting and Monitoring (including Workforce Planning)</p>	<p>To evaluate the implementation of improvements to ensure that budgets set for 2020/21 are sustainable and based on realistic plans and that appropriate scrutiny and challenge is undertaken.</p>	<p>Substantial assurance for the overall governance arrangements in place and Limited assurance in respect of the implementation of previous audit recommendations.</p> <p>Balanced budgets have been set for 2019/20 and 2020/21 which did not anticipate a call on General Reserves but also did not plan for any increase. The outturn for 2019/20 demonstrated overall that costs are being controlled within the totality of budget. There are Service areas which continue to overspend with that overspending being offset by underspending elsewhere.</p> <p>Six (4 High; 2 Medium) of the fourteen recommendations made in our previous reports have been implemented whilst eight (2 High; 6 Medium) remain incomplete.</p>

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<p>Midlothian Council Audit Committee</p> <p>9 March 2021</p> <p>(Source: Midlothian Council website Committee meetings)</p>	<p>Internal Audit Follow-Up of Recommendations Progress</p>	<p>To provide an update on the status of the implementation by Management of audit recommendations made and agreed in Internal Audit reports.</p>	<p>As at 17 December 2020, 10 actions were overdue (8 Medium and 2 Low – due dates extended to 30 June 2021) and 47 actions were in progress (14 High, 22 Medium, 11 Low).</p> <p>CMT had a discussion on the overdue actions, the reasons for delay, and risk mitigations in place in the interim.</p>
	<p>Property Maintenance</p>	<p>To review the in-house building maintenance team (BMS) undertaking repairs to the Council’s housing and non-housing buildings. This included a review of jobs from creation through to billing, and of business planning, budget setting and monitoring.</p>	<p>Limited assurance. BMS has had a history of overspends over the past 4 years with overspend of £263k for 2019/20. This overspend was not reported until Q4 due to the unreliability of monitoring information at any given point in the year.</p> <p>Seven recommendations (3 High; 4 Medium) have been agreed with Management to address the control issues raised.</p>
	<p>Social Housing Rents</p>	<p>To review the management arrangements and adequacy of controls over the billing and collection of Council Housing and Garage rents.</p>	<p>Substantial assurance. The Council has continued to invest in building new social housing, for which there is high demand. Moderate increase in tenant arrears.</p> <p>Five recommendations (1 Medium; 4 Low) have been agreed with Management to enhance arrangements and controls.</p>
	<p>Fleet Management</p>	<p>To review the asset management planning and maintenance of the Council’s fleet ensuring that fleet repairs and replacement decisions represent value for money. In addition review the controls over fuel management.</p>	<p>Substantial assurance. A vehicle and plant replacements spreadsheet is updated at least annually. Fleet vehicles are subject to a clear inspection and service regime. Fuel management control procedures are in place, with security controls to minimise theft.</p> <p>Three recommendations (3 Medium) have been agreed with Management to enhance fleet asset management planning.</p>
	<p>Passenger Transport</p>	<p>To review the governance, controls, costs and management of passenger transport services across the Council including end to end processes for client and provider.</p>	<p>Substantial assurance. Transport contracts for disrupted home to school travel and adult care services were honoured to ensure that transport contractors, and their sub-contractors, were left in a “no worse position” due to the pandemic. Charges to Education and Adult Social Care for transport are agreed with client area in advance of the service commencing.</p> <p>No recommendations, though Management Actions underway.</p>

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<p>Midlothian Council Audit Committee</p> <p>4 May 2021</p> <p>(Source: Midlothian Council website Committee meetings)</p>	<p>Information Governance</p>	<p>To review the Council’s Information Governance Framework and GDPR arrangements, and to monitor completion of any improvement actions being progressed.</p>	<p>Substantial Assurance. The Information Management Group (IMG) has recently undertaken a self-assessment against their previous Information Governance strategy, developed a new risk register documenting the Council’s exposure to information governance risks, and connected these to a detailed action plan to mitigate the identified risks. Areas of focus in the draft IMG action plan includes: revised self-assessment processes, introduction of ‘data protection audits’, improvements to the Council’s Information Asset Registers, more frequent reporting to Management on cyber security and data protection issues, and a revised training plan.</p> <p>Follow up five recommendations Records Management: progress on schedule (3 Low); Extended target dates (1 Medium and 1 Low).</p>
	<p>Internal Audit Annual Assurance Report 2020/21</p>	<p>To provide the statutory annual Internal Audit opinion on the adequacy of Midlothian Council's overall control environment.</p>	<p>The systems of internal control, risk management and governance are generally adequate. There is more work to be done with the implementation of Internal Audit recommendations made in previous years associated with procurement and contract management, financial management, and workforce development to address the identified risks.</p> <p>The Council’s Corporate Management Team were provided the opportunity during the year to engage in the review and finalisation of the updated Local Code of Corporate Governance. The updated Local Code was approved by Council in March 2021.</p> <p>The Audit Committee received quarterly update reports on the most significant and emerging risks. The Risk Management Policy (approved February 2014) and guidance/quick guide (dated 2012 and 2013) need to be reviewed and updated, along with a Strategy for the implementation of risk management policy requirements.</p> <p>The Financial Regulations (approved July 2012), and associated policies, procedures and guidelines need to be reviewed, updated and developed, and then be kept under regular review.</p> <p>Improvements over the Council’s procurement and contract management are required.</p>

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<p>Midlothian Council Audit Committee</p> <p>22 June 2021</p> <p>(Source: Midlothian Council website Committee meetings)</p>	<p>no Internal Audit reports submitted</p>		
<p>Midlothian Council Audit Committee</p> <p>28 September 2021</p> <p>(Source: Midlothian Council website Committee meetings)</p>	<p>Internal Audit Follow-Up of Completed Recommendations</p>	<p>To provide an update on the results of the Internal Audit Follow-up Review which included a sample check on the adequacy of new internal controls for Internal Audit Recommendations marked as completed by Management in the period April 2020 to March 2021.</p>	<p>From the 36 Audit recommendations tested: 31 (86%) were found to have been completed satisfactorily (8 High-rated; 17 Medium-rated; and 6 Low-rated) with evidence of improving internal control and governance. This is a positive outcome during an extremely challenging period; and 5 (14%) were identified as partially satisfactory requiring further work (4 Medium-rated; 1 Low-rated). In all instances, action had been taken by Management to progress the recommendations though these had not been completed in their entirety to provide the improvements required. These Audit Actions have been re-opened on the Pentana system as 'in progress' to enable the remaining elements to be completed by the agreed timescales.</p> <p>The Corporate Management Team routinely consider audit matters as part of their Senior Management oversight of progress with and outcomes from implementing Internal Audit recommendations.</p>
	<p>Invoice Approval & OCR (Optical Character Recognition)</p>	<p>To assess the authorisation controls, including segregation of duties and security controls, over the invoice approval and optical character recognition process.</p>	<p>Substantial Assurance for the invoice approval and optical character recognition process. It was found that segregation of duties and a robust audit trail is embedded within the system. The module allows for the electronic authorisation of invoices registered with Integra, and complements the existing purchase order authorisation module within the system. The system has replaced the paper authorisation processes for a large number of Council services.</p> <p>Two recommendations (1 Medium; 1 Low) have been agreed with Management to improve processes and practices.</p>

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<p>NHS Lothian Audit and Risk Committee</p> <p>23 November 2020</p> <p>(Source: NHS Lothian website Key Documents > Audits)</p>	<p>Financial Controls</p>	<p>To review the effectiveness of any changes made to internal controls, such as thresholds for expense approvals, any manual controls established, and underlying business as usual transactions to allow NHS Lothian to procure goods, services and works during the time of the pandemic.</p>	<p>The review comprised of five control objectives, of which four received Significant Assurance, and one received Moderate Assurance.</p> <p>NHS Lothian has maintained good internal controls over its procurement arrangements during the Covid-19 response. The Board’s Standing Financial Instructions and Scheme of Delegation remained in place. There have been no changes made to the operating procedures and control framework within Procurement and Finance in light of Covid-19 and the increased reliance on remote working. The electronic systems employed by these departments (PECOS and eFinancials) have been able to ensure that the approval processes continue to be applied.</p> <p>One recommendation (Low) has been agreed with Management.</p>
<p>NHS Lothian Audit and Risk Committee</p> <p>22 February 2021</p>	<p>no Internal Audit reports submitted</p>		
<p>NHS Lothian Audit and Risk Committee</p> <p>26 April 2021</p> <p>(Source: NHS Lothian website Key Documents > Audits)</p>	<p>Waiting Times – Compliance with Data on TrakCare</p>	<p>To confirm that NHS Lothian is following guidance for sampling patients’ records each month and in particular the appropriate use of unavailability codes.</p>	<p>The review comprised of five control objectives, of which all five received Significant Assurance.</p> <p>Controls over the management of sampling and checking of patient data are operating effectively. National requirements are being met by the sampling methodology developed by the WTGT, with results reported regularly to the Access Compliance Assurance Group. All exceptions and observations from the checking are being followed up and corrective action taken where necessary.</p> <p>No recommendations were made.</p>

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<p>NHS Lothian Audit and Risk Committee</p> <p>21 June 2021</p> <p>(Source: NHS Lothian website Key Documents > Audits)</p>	<p>Urgent Care</p>	<p>To review the design and operating effectiveness of the controls in place over the governance and project management approach of the Project Board and its workstreams for phase 1 of the project, including the operational delivery group. Additionally, to consider how benefits from the project are intended to be realised and how these will be captured and measured.</p>	<p>The review comprised of three control objectives, of which all three received Significant Assurance.</p> <p>A robust framework of control is in place to oversee the delivery of the Redesigning Urgent Care programme. Governance controls are effective in ensuring appropriate membership of the Delivery group and Project Board, with regular reports prepared for both. Improvement opportunities have been identified following a lessons learned exercise, with a full benefits realisation exercise scheduled for the future.</p> <p>Note that we only considered the controls in place to oversee delivery of Phase 1 of the project and cannot comment on the controls in place for the ongoing delivery or success of the programme.</p> <p>Two minor improvement opportunities (2 Low) have been agreed with Management.</p>
	<p>East Lothian IJB – Workforce Development</p>	<p>To assess the East Lothian Health and Social Care Partnership’s approach to workforce development, in particular ensuring that operationally people resources are in place to deliver redesigned services commissioned by the ELIJB which fit with strategic priorities for health and social care integration set out in the Strategic Plan to meet the needs of service users.</p> <p>Our fieldwork included reviewing the workforce plans for the HSCP, NHS Lothian and East Lothian Council. Detailed testing was carried out to assess the completeness of the plans and how the workforce development priorities are being considered across the partnership, and within the respective action plans.</p>	<p>The review comprised of three objectives, of which two received Significant Assurance, and one received Moderate Assurance.</p> <p>Within its 2019-2022 Workforce Development Plan, the ELIJB Health & Social Care Partnership has documented a workforce development framework in line with Scottish Government Guidance. The workforce development plan recognises the need to change how the IJB works across social care, community and acute providers. In collaboration with all partners and stakeholders the Health and Social Care Partnership has aimed through the plan to ensure that the future workforce will be knowledgeable, skilled and able to respond to the changes outlined in the East Lothian Strategic Plan</p> <p>Three recommendations (1 Medium; 2 Low) have been agreed with Management to improve workforce development planning.</p>

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<p>NHS Lothian Audit and Risk Committee</p> <p>21 June 2021 (cont'd)</p>	<p>Risk Management at a Divisional HSCP Level</p>	<p>To focus on the controls in place (design and operation) to ensure risks are managed at an operational level at the Division level on the hierarchy. To consider the controls in place (design and operation) to ensure risks are captured, ensuring risks are not duplicated and how this links to the corporate risk register, including appropriate escalation and de-escalation of risks, focusing on how risks are escalated to a corporate risk level.</p>	<p>The review comprised of three control objectives, of which all three received Significant Assurance.</p> <p>Each of the Divisions/HSCPs were clear on their responsibilities in relation to risk, why risk management is important and how risks should be identified and documented. This could be articulated through the management of risks during the COVID-19 pandemic, requiring services to respond quickly, and risks be managed in an agile manner. Additionally, the Divisions/HSCPs were comfortable with how they could escalate risks if they could not be managed at the Divisional level and how to do this appropriately. However, it was also recognised that DATIX (the risk management system) was not always updated to reflect the risk management processes being undertaken on a day-to-day basis and areas for improvement were required.</p> <p>Five recommendations (5 Medium) have been agreed with Management to improve the risk management arrangements.</p> <p>Extracts below relevant to Midlothian:</p> <p>Appendix 1 'Risk Management Processes': Midlothian HSCP Senior Management Team meet every 2 weeks and risk is a standing agenda item. The Senior Management Team is supported by 4 committees (Business Governance Group, Finance and Performance, Staff Governance and Clinical Care and Governance) each of which have risk as a standing agenda item. Service level risks are considered monthly via the Business Governance Group. Monitoring of risks is through these forums. This process is supported by Midlothian's HSCP Risk Reporting Structure.</p> <p>Appendix 2 'Management Responses, Actions, Responsibility and Target Dates': The Midlothian HSCP Responses indicate that processes and controls are in place to address each of the four relevant recommendations and therefore no action required.</p>

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