

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 3 December 2020 at 2pm

MIJB Recommendations Internal Audit Follow-Up Review In Progress Actions

Item number: 5.2

Executive summary

This report details the MIJB's reported performance in addressing and closing the issues and recommendations raised by Internal Audit.

There are currently 8 remaining In-Progress Internal Audit Recommendations for MIJB. There has been a significant impact of Covid-19 response on Management's progress with the implementation of some of the Internal Audit Recommendations due to capacity and delays in activity. For those Internal Audit Recommendations identified as being overdue during the year, Management have requested revised target dates to ensure these represent realistic timescales for their full implementation in light of ongoing Covid-19 activity. These have been approved by Internal Audit and the Pentana Risk system has been updated accordingly. The Internal Audit team will continue to monitor progress by Management with implementation of Internal Audit recommendations.

The Midlothian IJB Audit and Risk Committee is asked to:

- **Acknowledge the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance, and mitigate risks;**
 - **Consider whether it is satisfied with the progress made by Management and any other actions required; and**
 - **Note that Internal Audit will continue to monitor the completion of the outstanding recommendations and will provide update reports to the MIJB Audit and Risk Committee.**
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MIJB Recommendations Internal Audit Follow-Up Review In Progress Actions

1 Purpose

1.1 The purpose of this report is to:

- Inform the MIJB Audit and Risk Committee of the number of recommendations raised by Internal Audit for the MIJB that are 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 are found to be outstanding.

2 Recommendations

2.1 The MIJB Audit and Risk Committee is asked to:

- Acknowledge the progress made by Management in implementing Internal Audit recommendations to improve internal controls and governance, and mitigate risks;
- Consider whether it is satisfied with the progress made by Management and any other actions required; and
- Note that Internal Audit will continue to monitor the completion of the outstanding recommendations and will provide update reports to the MIJB Audit and Risk Committee.

3 Background

3.1 Internal Audit suggests recommendations for improving internal control and to assist the MIJB deliver against its objectives. Where MIJB Management agree these recommendations, the actions are updated to Pentana Risk (Midlothian Council's performance management system) along with a date by which Management should have completed the agreed action.

3.2 MIJB Management are responsible for acting on the recommendations by the agreed due date and when complete, closing the recommendation on the Pentana Performance system. The Internal Audit plan includes follow up activity in relation to recommendations made and checks the completed recommendations to determine whether they have been implemented satisfactorily and thus give assurance over the ongoing improvement of internal control, risk management and governance arrangements. The Internal Audit report on Follow-Up of Completed Recommendations was presented to the MIJB Audit and Risk Committee on 3 September 2020.

- 3.3 Internal Audit continues to meet with MIJB officers on a quarterly basis to follow-up on Management progress with implementation of the remaining recommendations. This enables discussions for agreeing extensions to due dates to ensure that Internal Audit has oversight of this and to provide a visible audit trail in Pentana Risk system.

4 Performance

- 4.1 In the report on Completed Audit Recommendations that was presented to MIJB Management and MIJB Audit and Risk Committee on 3 September 2020 it was noted that some previously longstanding actions from prior years' Internal Audit reviews had been completed.
- 4.2 There has been a significant impact of Covid-19 response on Management's progress with the implementation of some of the Audit Recommendations due to capacity and delays in activity.
- 4.3 For those Audit Recommendations that have become overdue during the year, Management have advised Internal Audit of the revised target dates to ensure these represent realistic timescales for their full implementation in light of ongoing Covid-19 activity. In accordance with the new Protocol, these revised due dates have been approved by Internal Audit based on the further work required to fully implement these recommendations. This is reflected in the Pentana Risk system.
- 4.4 There are currently 8 remaining In-Progress Internal Audit Recommendations for MIJB. Good progress has been made with the implementation of 5 previously longstanding actions from prior years' 2017/18 and 2018/19 relating to Performance Targets & Reporting and Strategic & Delivery Planning, with completion in full of these expected by March 2021. Progress has been made on the 3 Internal Audit recommendations from 2019/20 relating to Workforce Development with some of the sub-actions being completed and there are plans in place to implement the remainder. These are summarised in Appendix 1.
- 4.5 The Internal Audit team will continue to monitor progress by Management with the implementation of Audit recommendations.

5 Policy Implications

- 5.1 There are no direct policy implications arising from this report.

6 Equalities Implications

- 5.1 There are no direct equalities implications arising from this report.

7 Resource Implications

- 7.1 There are no direct resources implications arising from the proposals in this report.

8 Risk

- 8.1 The recommendations made by Internal Audit are directly related to reducing the level of risk that the MIJB is exposed to. These recommendations were raised to reduce financial, reputational, strategic and governance risks.

9 Involving people

- 9.1 The MIJB Chief Officer, Chief Finance Officer and Integration Manager have been involved in progressing the implementation of the Internal Audit recommendations and have reviewed this report in advance of its consideration by the MIJB Audit and Risk Committee.

10 Background Papers

- 10.1 Two follow-up audit recommendations reports are presented to the MIJB Audit and Risk Committee each year in accordance with the approved MIJB Internal Audit Annual Plan 2020/21.

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