

- 5.3.1 - In the short term, the parties will continue to use the arrangements that have already been put in place to provide professional, technical and administrative support to Community Health Partnerships, social care services and joint working more generally.
 - 5.3.2 - In order to develop a sustainable long term solution, a working party will be convened, with membership from NHS Lothian and the four local authorities which prepared integration schemes for the Lothian IJBs. This working party will develop recommendations for approval by NHS Lothian, the four local authorities, and the Lothian IJBs.
6. The absence of the working party specified at 5.3.2 inhibits progress in delivering sustainable infrastructure and professional support for the effective operation of the IJB. This is now being progressed by the Interim Chief Officer.

Risk Management

7. Interim arrangements for the role of an IJB Chief Risk Officer ended in March 2017. There has been no subsequent independent appointment to this role, which is currently being performed by the Interim Chief Finance Officer in addition to her existing operational responsibilities. Consequently, the latest review and refresh of the risk register took place in March 2017.
8. Whilst there is no specified frequency for review of risk registers, best practice across public sector organisations suggests this should be at least quarterly. More frequent reviews are performed in cases where there is significant change, or where the organisation's risk management processes are relatively immature.

Internal Audit Assurance

9. The internal audit annual opinion for 2016/17 was a 'disclaimer' opinion, reflecting internal audit's inability to complete sufficient reviews and gain sufficient evidence to be able to conclude on the adequacy of the IJB's framework of governance, risk management and control. This was attributable to the lack of assurance provided in relation to the 5 medium rated risks included in the June 2016 IJB risk register.
10. The IJB's 2017/18 internal audit plan includes four reviews (three performed by the City of Edinburgh Council's internal audit function and one by the NHS Lothian internal audit function) covering the IJB's auditable 'high' risks recorded in the risk register.
11. 'Medium' risks would normally be subject to audit on a rolling three-year basis, however, current internal audit resource constraint prevent coverage of any 'medium' risks in the 2017/18 annual plan. There were six medium risks identified during the audit planning process.

Key risks

12. Lack of clearly defined risk management responsibilities, accountabilities and effective risk management processes could result

in failure to identify and manage new and emerging risks in a timely manner.

13. If new risks are not identified, appropriate action plans cannot be implemented to prevent them from crystallising or mitigate their impact.
14. Best practice is for appointment of an independent risk manager, practitioner or team with no operational responsibilities who can support senior management in identifying, prioritising and managing risks. Where this role is also performed, as now, by an operational executive, there is a risk of a perceived conflict of interest.
15. Lack of 'medium' risk assurance coverage will be considered by internal audit when forming their annual opinion for 2017/18, and could result in provision of another 'disclaimer' opinion.
16. The potential impact if any, or all, of the 'medium' rated risks crystallise is unknown, as no assurance over mitigating controls will be provided.
17. The IJB risk profile will change over time, and it is important to ensure that internal audit coverage of all 'high' risks (annually) and 'medium' rated risks (on a rolling three year basis) continues to reflect these changes to ensure that an appropriate level of assurance is provided. This could potentially result in the requirement for additional resources.

Financial implications

18. Costs associated with appointment of a full time equivalent Chief Risk Officer are circa £60-£70k.
19. There will be no financial impact if the IJB should decide to complete only the four planned audits covering the 'high' rated risks, with no coverage of the four 'medium' rated risks across the next two years.
20. Any requirement to increase assurance provision to cover the four remaining 'medium' rated risks will result in the need to fund additional internal audit resource would cost of circa £20k per annum and £60k over three years.

Involving people

21. Internal audit has consulted with the chair of the IJB Audit and Risk Committee and NHS Lothian Chief Internal Auditor during the process of preparing this report.

Impact on plans of other parties

22. Provision of a CRO resource by either the City of Edinburgh Council or NHS Lothian will have an impact on their internal risk management monitoring, assessment and reporting processes for either partner organisation.

23. Any requirement to increase internal audit under coverage of the existing arrangements would impact on delivery of the 2017/18 Internal Audit plans for both Council and NHS Lothian.

Impact on directions

24. Direction 2 (Integrated structure) part C requires NHS Lothian and the City of Edinburgh Council to:

“formalise arrangements for the Professional, Administrative and Technical support provided by the Council and NHS Lothian”.

Background reading/references

Edinburgh Integration Joint Board Internal Audit Plan 2017/18
Edinburgh Integration Joint Board Risk Register
Alarm (Public Risk Management Association) Risk Management Standard
<https://www.alarm-uk.org/asset.ashx?assetid=95cd3e15-f432-44a4-8957-9de5a6c86a4d>

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Links to priorities in strategic plan

**Managing our
resources
effectively**