

Governance, Risk and Best Value Committee

10.00am, Thursday 31 October 2024

Internal Audit Update – referral from the EIJB Audit and Assurance Committee

Executive/routine

Wards

1. For Decision/Action

The Edinburgh Integration Joint Board (EIJB) Audit and Assurance Committee has referred the Internal Audit Update to the Governance, Risk and Best Value Committee for information.

Dr Deborah Smart
Executive Director of Corporate Services

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Referral Report

Internal Audit Update - referral from the EIJB Audit and Assurance Committee

2. Terms of Referral

- 2.1 On 10 September 2024 the EIJB Audit and Assurance Committee considered the Internal Audit Update Report which provided an update on internal audit and assurance activity, including progress with closing audit actions between 7 May 2024 and 2 August 2024.
- 2.2 The EIJB Audit and Assurance Committee agreed:
- 2.2.1 To note progress with delivery of the EIJB 2024/25 Internal Audit Plan.
 - 2.2.2 To note the outcomes of the recently completed EIJB Governance internal audit.
 - 2.2.3 To note internal audit work completed by both NHS Lothian and the Council in the last period.
 - 2.2.4 To note progress with implementation of audit actions.
 - 2.2.5 To refer the report to the Council's Governance, Risk and Best Value Committee for information.

3. Background Reading/ External References

EIJB Audit and Assurance Committee of 10 September 2024

4. Appendices

Appendix 1 – Internal Audit Update

REPORT

Internal Audit Update

EIJB Audit and Assurance Committee

10 September 2024

Executive Summary	<p>The purpose of this report is to provide the Audit and Assurance Committee with an update on:</p> <ol style="list-style-type: none"> 1. Progress with Internal Audit assurance activity including progress with closing audit actions between 14 May and 2 August 2024. 2. Progress with delivery of the 2024/25 EIJB Internal Audit Plan which was agreed by Committee in March 2024 and included four audits and follow-up of audit actions from previous EIJB internal audits. One audit is now complete and a further audit underway. 3. Details of relevant audit work presented to either the NHS Lothian’s Audit and Risk Committee or the Council’s Governance, Risk and Best Value (GRBV) Committee during the reporting period.
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Recommendations	<p>It is recommended that the Audit and Assurance Committee:</p> <ol style="list-style-type: none"> 1. Notes progress with delivery of the EIJB 2024/25 Internal Audit Plan. 2. Notes the outcomes of the recently completed EIJB Governance internal audit. 3. Notes internal audit work completed by both NHS Lothian and the Council in the last period. 4. Notes progress with implementation of audit actions. 5. Refers this paper to the Council’s Governance Risk and Best Value Committee for information.
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Directions

Direction to City of Edinburgh Council,	No direction required	✓
	Issue a direction to City of Edinburgh Council NHS Lothian	
	Issue a direction to NHS Lothian	



NHS Lothian or both organisations	Issue a direction to City of Edinburgh Council and NHS Lothian	
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Main Report

EIJB 2024/25 Internal Audit Annual Plan

1. The 2024/25 Internal Audit (IA) annual plan was approved by the Committee in March 2024. The outcomes of the four audits in the plan will support the 2024/25 EIJB IA annual opinion and inform the annual Governance Statement included in the financial statements. The Plan is delivered by the Internal Audit teams of the EIJB’s partners, the Council and NHS Lothian (NHSL).
2. In addition, the 2024/25 IA Plan includes an annual validation audit, which consists of a review of a sample of previously completed EIJB management actions to confirm whether these have been effectively implemented and continue to be sustained.
3. Where relevant, audits completed for the Council and NHSL are referred to the EIJB Audit and Assurance committee for information, following initial scrutiny by the respective Council GRBV and NHSL Audit and Risk Committees. Outcomes of these audits may also inform the EIJB IA annual opinion.

Progress with delivery of the 2024/25 IA plan

4. Details and timescales for the audits included in the IA plan are set out below:

Audit	High level scope	Progress
Governance and Assurance	Review of the effectiveness of governance arrangements for the EIJB Board and Committee structure including preparation and review of committee assurance statements.	Complete
Performance Reporting	Review of arrangements to support collation and validation of accurate and timely performance data to the EIJB and its Committees including preparation of the EIJB Annual Performance Report.	Planning
Financial Monitoring, Reporting and Oversight	Review of EIJB financial monitoring, reporting and oversight processes including progress with delivery of medium-term financial plan, savings recovery programme and general cost and budget monitoring	Not Started due to commence October 2024
Strategic Planning	Recognising delays to finalising the 2023-26 EIJB Strategic Plan, this follow-up review of the previous audit completed in 2019 will consider the administrative arrangements for resourcing strategic planning in line with relevant guidance including Healthcare Improvement Scotland’s Strategic Planning – Good Practice Framework .	Not Started due to commence January 2025

Annual Validation review	Review of a sample of previously completed EIJB management actions to confirm whether these have been effectively implemented and sustained.	Planning
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Outcomes of completed audit work

EIJB Governance and Assurance internal audit

5. The EIJB Governance and Assurance internal audit was completed in August 2024. The overall assurance rating for the review is **Significant Assurance**, with one medium rated finding and two low rated findings raised reflecting opportunities to further strengthen key governance and oversight controls including:
 - ensuring all EIJB Board members are listed on the Council’s website
 - completion of a formal, annual review of the conduct and contributions of Board members by the Chair of the EIJB
 - adherence to the Annual Cycle of Business including ensuring that all reports are provided to the Board at the required frequency.
6. A report detailing the full outcomes of the audit is provided at Appendix 1.

NHSL and Council/ Health and Social Care Partnership audits in period

NHSL

7. The following relevant audits which may be of interest to the Committee were completed by [NHSL](#) in the last quarter:
 - [Financial Sustainability](#) - **Significant Assurance** with four findings raised relating to documentation of timetables as well as roles and responsibilities for financial planners, evaluating Invest To Save proposals’ impact on quality of care, and the formal documentation of quarterly financial review meetings
 - [Waiting Times Governance Regulations Review](#) – **Significant Assurance** with two low rated findings relating to compliance with the communications aspect of the NHS Scotland Waiting Times Guidance 2023, as well as performance reporting against compliance
 - [Risk Management](#) – **Moderate Assurance** with seven findings raised relating to risk management roles and responsibilities, availability of training and support, and inconsistent approaches to risk identification, assessment, treatment and control, reporting, and monitoring of risks.

NHSL audit of IJB Directions and IJB audit principles

The June 2024 IA update to Committee, detailed outcomes of the [IJB Directions – NHSL Processes](#) audit completed in February 2024, which provided an overall assurance rating of

Limited Assurance. At the June 2024 meeting, Committee members expressed concern regarding the audit findings and requested that officers consider the impacts of the findings on the EIJB.

IA advised that IJB audit principles which set out working relationships for NHSL and the IJBs on a pan-Lothian basis were in place. IA advised they would request an update on progress of actions with the NHSL audit team, as 6 of the 7 agreed actions were due for completion by 31 March 2024. The NHSL audit team has confirmed that the 6 actions are now complete, and the final action is on track to be completed by 31 October 2024.

In addition, IA advised that the IJB audit principles are due to be reviewed during 2024/25. Initial communications to commence the review across the four IJBs and their partner organisations has started, and an update will be provided to the Committee in December 2024.

Council/Health and Social Care Partnership

8. The following audit was completed and presented to the Council’s [Governance, Risk and Best Value Committee](#) (GRBV) in the last quarter:
 - [Mental Health Services \(Thrive\)](#) – **Reasonable Assurance** with five findings raised relating to the Strategy and Commissioning Plan, performance reporting and monitoring, workforce planning, quality assurance and lessons learned, and risk management.

Follow-up of open and overdue audit actions

9. IA follow up on progress with implementation of audit actions arising from audit reports. As at 2 August 2024, there were a total of 4 open EIJB audit actions (1 high and 3 medium) for the audits detailed below:
 - Hosted Services (2 medium actions)
 - Workforce Optimisation (1 high and 1 medium action)
10. No audit actions for the EIJB are currently overdue. This has been a continued position throughout 2023/24.

Actions closed based on management’s risk acceptance

11. No audit actions were closed based on management’s acceptance of risk during the period 7 May 2024 to 2 August 2024.

Strategic Priorities

Strategic Priorities	✓	Key points within report that address strategic priorities
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Prevention and Early Intervention		
Tackling Inequalities		
Person Centred Care		
Managing our resources effectively	✓	The report focuses on the EIJB's system of governance, risk and control which supports achievement of strategic priorities.
Making best use of capacity across the system		
Right care, right place, right time		

National Health and Wellbeing Outcomes

Please note which national Health and Wellbeing Outcomes your report aligns to		✓
1. People are able to look after and improve their own health and wellbeing and live in good health for longer.	6. People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and well-being.	
2. People, including those with disabilities or long-term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.	7. People who use health and social care services are safe from harm.	
3. People who use health and social care services have positive experiences of those services, and have their dignity respected.	8. People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care, and treatment they provide.	
4. Health and social care services are centred on helping to maintain or	9. Resources are used effectively and efficiently in the provision of health and social care services.	✓

improve the quality of life of people who use those services.			
5. Health and social care services contribute to reducing health inequalities.		Not applicable	

Implications for Edinburgh Integration Joint Board

Financial

1. There are no direct financial risks as a result of this report.

Risk, legal, policy, compliance, governance, and community impact

2. Failure to close management actions and address the associated risks in a timely manner will result in the EIJB being exposed to risks for longer than agreed.

Equality and Poverty Impact

3. There are no direct equalities and integrated impact assessment impacts as a result of this report.

Environment, climate, and sustainability impacts

4. There are no direct environment and sustainability impacts associated with this report.

Quality of care

5. There are no direct quality of care impacts associated with this report.

Consultation

6. Progress with open audit actions has been discussed with and reported to senior management and the EIJB Audit and Assurance Committee.

Report Author

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Head of Internal Audit

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Background reading / external references

1. EIJB 2024/25 Internal Audit Annual Plan – March 2024
2. Internal Audit IA Quarterly Update Report – June 2024

Appendices

Appendix 1 Internal Audit Report: EIJB Governance and Assurance – August 2024

Internal Audit Report

Governance and Assurance

12 August 2024

EIJB2401

Overall Assessment	Significant Assurance
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This internal audit review is conducted for the Edinburgh Integration Joint Board under the auspices of the 2024/25 internal audit plan approved by the Audit and Assurance Committee in March 2024. The review is designed to help the Edinburgh Integration Joint Board assess and refine its internal control environment. It is not designed or intended to be suitable for any other purpose and should not be relied upon for any other purpose. The City of Edinburgh Council accepts no responsibility for any such reliance and disclaims all liability in relation thereto.

The internal audit work and reporting has been performed in line with the requirements of the Public Sector Internal Audit Standards (PSIAS) and as a result is not designed or intended to comply with any other auditing standards.

Where recommendations are included in this report to strengthen internal control, it is management’s responsibility to design, implement and maintain an effective control framework, and for the prevention and detection of irregularities and fraud. This is an essential part of the efficient management of the Edinburgh Integration Joint Board of the issues and weaknesses arising from this audit does not absolve management of this responsibility. High and Critical risk findings are raised with senior management and members as appropriate.

Executive Summary

Overall Assessment

Significant Assurance

Overall opinion and summary of findings

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives for EIJB Governance and Assurance.

The following improvement actions which aim to further strengthen governance arrangements were identified:

- all EIJB Board members should be listed on the Council’s website
- a formal, annual review of the conduct and contributions of members should be conducted by the Chair of the EIJB
- the Annual Cycle of Business should be adhered to, including ensuring that all reports are provided to the Board at the required frequency.

In addition, the current EIJB Strategic Plan covers the period 2019-22 and a revised plan should have been in place by April 2022. However, this was delayed. A [draft plan](#) was presented to the EIJB in June 2024, with the formal consultation starting on 1 July 2024.

Audit Assessment

Audit Area	Control Design	Control Operation	Findings	Priority Rating
1. Governance Arrangements			Finding 1 - Listing of Board Members	Low
2. Board Membership and Attendance			Finding 2 – Annual Review of Board Members’ Performance	Medium
3. Board Reporting			Finding 3 – Completeness of Board Reporting	Low
4. Decision Making and Action Tracking			No findings	N/A
5. Committee Assurance Statements			No findings	N/A
6. Risk Management			No findings	N/A

[See Appendix 1 for Control Assessment and Assurance Definitions](#)

Areas of good practice identified

- a comprehensive suite of relevant governance documentation is in place, including:
 - [Code of Conduct](#) for Board members
 - [Standing Orders](#)
 - [Governance Handbook](#)
 - [Annual Performance Report 2022/2023](#)
 - [Strategic Plan 2019-22](#)
 - [Edinburgh Integration Joint Board Complaints Handling Procedures](#)
 - [Complaints Handling Procedures – Customer Facing Complaints](#)
- the EIJB Board meets regularly, with good attendance
- annual governance statements are comprehensive, and are approved in a timely manner
- a clear and comprehensive reporting framework is in place
- decisions are recorded completely and accurately, and supported by an action tracker.

Background and scope

The legislation which underpins health and social care integration is [The Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#). The Act places a duty on Health Boards and Local Authorities to enter into arrangements (the Integration Scheme) to delegate functions and appropriate resources, ensuring the effective delivery of health and social care services.

The Edinburgh Integration Joint Board (EIJB) [Integration Scheme](#) sets out which services and functions are delegated, governance arrangements, and the financial model.

The EIJB Board is served by four committees:

- **Audit and Assurance Committee** - advises the EIJB on the adequacy of financial reporting arrangements, governance activities, internal and external audit provisions, and the implications of assurances provided in respect of risk and internal control
- **Clinical and Care Governance Committee** - monitors, reviews, and reports to the EIJB on the standard and quality of care delivered across delegated services
- **Performance and Delivery Committee** - provides advice and assurance to the EIJB on the effectiveness on the financial management and service performance for services delegated to the EIJB
- **Strategic Planning Group** - monitors, reviews, and reports to the Board on the strategy, plans and delivery of the delegated Partnership's service.

The Board and each Committee has an [annual cycle of business](#), which includes items on governance, strategy, finance, and performance. To support this work, there is reporting to the Board in the form of annual assurance statements, and ad-hoc reports as required. The work of the Board is guided by the [EIJB Governance Handbook](#), which includes guidance on the committee structure, remits, roles and responsibilities, and assurance arrangements.

The EIJB agreed a [Board Assurance Framework](#) in March 2022. All EIJB committees submit an annual assurance statement covering the remit of the committees which support the assurance levels the committees are providing to the EIJB and identify any significant issues. A template is issued to all committee members for completion and the returns are collated by the Operations Manager. This forms the basis of the first iteration of the committee assurance statement submitted to the committees for discussion and amendment / agreement. The committee annual assurance statements are then submitted to the EIJB Audit and Assurance Committee for scrutiny. The committees' terms of reference are mapped to the annual cycle of business to ensure that they fulfil their remit. An attendance record is also maintained for each Board and committee meeting.

[An all-party motion](#) in November 2023 raised the interdependency of decisions made by the Council and the EIJB, highlighting a need to recalibrate the relationship between the Council and the EIJB to ensure better coordination and mutual support. Management noted that this was a Council initiative, and as such there is no requirement for the Integration Joint Board to comply.

Scope

The objective of this review was to assess the effectiveness of governance arrangements for the EIJB Board and Committee structure including preparation and review of committee assurance statements.

Alignment to EIJB Risks

- the EIJB is unable to deliver its strategic objectives
- the EIJB is unable to influence decision-making over delegated services that are not managed by the Partnership
- NHS Lothian and the Council do not deliver directions set by the EIJB.

Limitations of Scope

The audit did not consider training and development, including induction and onboarding as this was reviewed as part of the EIJB Risk Management and Board Rotation audit completed in May 2022.

Reporting Date

Testing was undertaken between 15 and 27 July 2024.

Our audit work concluded on 25 July 2024 and our findings and opinion are based on the conclusion of our work as at that date.

Findings and Management Action Plan

Finding 1 – Listing of Board Members

There are currently 22 members of the EIJB Board, comprising the Chair and Vice Chair, 8 voting members, and 12 non-voting members. A list of these members is maintained on both the [EIJB](#) and [Council](#) websites.

However, while the EIJB website accurately details all members, 2 of them were not listed on the Council’s website: a lay representative, and the Chief Social Work Officer.

Committee Services were notified of this during the audit, and the issue has now been resolved with a full listing of Board members now included on both websites.

Finding Rating	Low Priority
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Risks

- if online resources are not kept up-to-date and accurate, stakeholders will not have all necessary information.

Finding 2 – Annual Review of Board Members’ Performance

Finding Rating	Medium Priority
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The EIJB’s [Governance Handbook](#)’s purpose is ‘...to act as an up-to-date, authoritative, and dynamic reference point on the fundamentals of good governance thinking and practice for the EIJB.’ The Handbook sets out requirements for EIJB Board members on their conduct and their contributions to the effective working of the Board.

[Scottish Government guidance for board members of public bodies](#) includes roles and responsibilities for the Chair, which includes assessing the performance of individual Board members on a continuous basis and undertakes a formal appraisal at least annually. There is currently no formal, annual review of the conduct and contributions of EIJB members by the Chair.

A paper on the outcome from Knowledge and Skills Audit Questionnaire is due to be presented to the EIJB in August 2024 and is noted to include a statement that ‘All board members will have an annual appraisal with the Chair / Vice Chair’.

Risks

- lack of a regular, formal review of all Board members may result in ineffective contributions and limit opportunities to identify training and development needs to support members.

Recommendations and Management Action Plan: Annual Review of Board Members’ Performance

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
2.1	<p>The proposed annual appraisal of Board members by the Chair and Vice Chair should implemented with a clear timetable developed to support timely review.</p> <p>The appraisal could include a checklist which is aligned with the requirements stated in the EIJB’s Governance Handbook, including an assessment of the conduct, contributions, and attendance levels of each Board member. The appraisal could also identify any training and development needs for members.</p>	<p>Officers will work with the Chair to implement an appraisal process for board members commencing in 2025, which is in line with the timeline agree within the skills and knowledge outcome report.</p> <p>The stated timeframe of 31 December 2025 is to allow for all board members to have had an appraisal.</p>	Chief Officer, EIJB	Operations Manager, EIJB	31/12/2025

Finding 3 – Completeness of Board Reporting

Finding Rating	Low Priority
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The EIJB’s [Annual Cycle of Business](#) sets out the reports which will be provided to the Board throughout the year, together with the frequency, and the names of responsible officers. This includes a requirement to provide an updated Annual Cycle of Business to each meeting.

However, for the 10 meetings of the Board during the period April 2023 to May 2024, the Annual Cycle of Business report was not provided in 1 instance (8 August 2023).





Risks

- there is a risk that Board members do not have timely and effective oversight of the reporting to the Board.

Recommendations and Management Action Plan: Completeness of Board Reporting

Ref.	Recommendation	Agreed Management Action	Action Owner	Lead Officers	Timeframe
3.1	All reports including the Annual Cycle of Business should be provided to the Board in line with the required frequency.	Agreed. The Annual Cycle of Business will be on the agenda in alignment with the published frequency for the annual cycle of business.	Chief Officer, EIJB	Operations Manager, EIJB	31/10/2024

Appendix 1 – Control Assessment and Assurance Definitions

Control Assessment Rating		Control Design Adequacy	Control Operation Effectiveness
Well managed		Well-structured design efficiently achieves fit-for purpose control objectives	Controls consistently applied and operating at optimum level of effectiveness.
Generally Satisfactory		Sound design achieves control objectives	Controls consistently applied
Some Improvement Opportunity		Design is generally sound, with some opportunity to introduce control improvements	Conformance generally sound, with some opportunity to enhance level of conformance
Major Improvement Opportunity		Design is not optimum and may put control objectives at risk	Non-conformance may put control objectives at risk
Control Not Tested	N/A	Not applicable for control design assessments	Control not tested, either due to ineffective design or due to design only audit

Overall Assurance Ratings	
Significant Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Moderate Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Finding Priority Ratings	
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.
Low Priority	An issue that results in a small impact to the achievement of objectives in the area audited.
Medium Priority	An issue that results in a moderate impact to the achievement of objectives in the area audited.
High Priority	An issue that results in a severe impact to the achievement of objectives in the area audited.
Critical Priority	An issue that results in a critical impact to the achievement of objectives in the area audited. The issue needs to be resolved as a matter of urgency.

Appendix 2 – Areas of Audit Focus and Control Objectives

Audit Areas	Control Objectives
Governance Arrangements	<ul style="list-style-type: none"> • up-to-date policies and procedures aligned with legislation and best practice have been approved which cover all required elements of governance for the EIJB Board, including remits of the Board and its committees, and reporting and assurance arrangements
Board Membership and Attendance	<ul style="list-style-type: none"> • the Board membership is aligned to policies and procedures, and relevant legislation • there is regular attendance and contributions at the Board by all relevant members and stakeholders.
Preparation and Provision of Board Reports	<ul style="list-style-type: none"> • a reporting framework is in place, which is aligned to the policies and procedures, and which states what is to be provided to the Board, when, and by whom • procedures in place which set out how each Board report should be prepared, when, and by whom • reports are complete, accurate, and timely and provide sufficient information to inform scrutiny and decision making and are reviewed by a senior officer prior to submission to the Board.
Decision Making and Action Tracking	<ul style="list-style-type: none"> • there is evidence of effective review, and challenge, by the Board on papers provided with requests for further information to support decision making as required • the decision-making authorities for the Board, its committees, and relevant officers are clearly stated, and are aligned with relevant legislation • the Board's decision-making process is clearly stated, and with adherence to this process and a clear audit trail and record of authority for any decisions taken out with the approved process • decisions made are clearly and accurately recorded in the minutes of the meeting and are reviewed for accuracy at the following meeting with any required amendments made • an action tracker is maintained to record all further actions and follow-up required on agenda items and is reviewed at each meeting of the Board. The action tracker includes detail on what will be done, when, and by whom and regular updates and revised dates are provided as needed.
Committee Assurance Statements	<ul style="list-style-type: none"> • there is an effective process in place for completion of committee assurance statements that covers the following topics: skills, ethics, role and scope of the committee, support and resources, and communication and reporting • statements are supported by validation process which reviews the information provided together with supporting evidence where required

	<ul style="list-style-type: none">actions arising from assurance statements are tracked and the Chair provides an update on progress with actions identified on the previous committee assurance statements.
Risk Management	<ul style="list-style-type: none">risks related to the EIJB's governance arrangements are identified, recorded, and managed within a risk register, and regularly reviewed to ensure appropriate mitigating actions are in place and remain effective, with escalation to risk committees where required.