



REPORT TO: East Lothian Integration Joint Board

MEETING DATE: 12 December 2017

BY: Chief Finance Officer

SUBJECT: Audit & Risk Chairs meeting – follow-up workshop

1 PURPOSE

- 1.1 The purpose of this report is to update the Committee on the meeting of the Chief Internal Auditors of the Lothian IJBs and NHS Lothian.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to note the report.

3 BACKGROUND

- 3.1 At the October meeting, the Committee received a paper entitled 'Audit and Risk Information sharing principles'. This paper recommended agreeing to the pan-Lothian risk information sharing framework which simply agree to share all the papers from all the four IJB audit and risk committees along with those papers from NHS Lothian. The Council Audit & Governance Committee meetings being held in public.
- 3.2 This work had come from a meeting of IJB and NHS Lothian A&R chairs and a further meeting was held on 2/10/17. The A&R committee was represented by its Chair and the CFO. It was agreed at this meeting that a workshop of the appropriate IJB and Lothian Chief Internal Auditors be set up and that meeting would also include the NHSiL Director of Finance and be chaired by the chair of the NHS Lothian Audit and Risk committee.
- 3.3 A verbal report on this audit chairs meeting was presented to the committee at its October meeting and it was agreed that a further report on the workshop be brought back to the committee.
- 3.4 A set of notes has been prepared and these are attached to this report.

4 ENGAGEMENT

4.1 This matter has been discussed by the Committee and the IJB.

5 POLICY IMPLICATIONS

5.1 There are no new policy implication arising from this report.

6 INTEGRATED IMPACT ASSESSMENT

6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

7.1 Financial – None

7.2 Personnel – None

7.3 Other – None

8 BACKGROUND PAPERS

8.1 None

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Present: Mike Ash (NHS Lothian ARC chair), Joanne Brown (NHS Lothian Chief Internal Auditor), Sue Gibbs (NHS Lothian Quality & Safety Assurance Lead), Elaine Greaves (Chief Internal Auditor, Midlothian Council); Alan Payne (NHS Lothian Head of Corporate Governance), Kenneth Ribbons (Chief Internal Auditor, West Lothian Council and West Lothian IJB), Lesley Newdall (Chief Internal Auditor of City of Edinburgh Council and Edinburgh IJB), and Susan Goldsmith (NHS Lothian Director of Finance).

Aim of the Session

To develop sustainable arrangements for the IJBs to engage with the NHS Lothian internal audit function and the NHS Lothian Audit & Risk Committee so that:

- a) The IJBs make the most effective use of the time allocated within the internal audit plan of NHS Lothian and the relevant local authority to focus on matters of particular interest to the IJBs.
- b) The IJBs make the most effective use of the output of the system of governance in NHS Lothian and the relevant local authority, so as to satisfy their own assurance needs.

Basic Principles

The discussion led to conclusion on the following key points.

1. The integration joint boards are responsible for [the carrying out of their delegated functions \(“integration functions”\)](#), and their systems of governance need to reflect this. The integration joint boards are not responsible for the functions that have not been delegated to them.
2. The integration joint boards must direct the NHS Board and the local authority to carry out the integration functions. Consequently the activities of each can be summarised as:
 - i. IJB – Strategic Planning and Performance Management
 - ii. NHS Board and local authority – operational management and delivery.

Nevertheless the IJBs do have an interest as to how integration functions are carried out, i.e. they cannot plan and direct and have complete disregard to safety, quality, legal compliance etc. The IJB members are expected to be [involved in operational oversight](#). (As a practical example, the discussion highlighted that the IJB should not need to carry out its own audit of business continuity planning arrangements, however it should be able to secure assurance from NHS Lothian and the local authority that they have appropriate arrangements in place).

Within all four integration schemes there is already the principle that in the interest of efficient governance every effort will be made to rely on the governance systems of the NHS Board and local authority. It is acknowledged that both the NHS Board and local authority are exercising

oversight of how functions and services are being carried out, and each has their own internal audit and external audit functions in place.

3. Analysis of the risk registers of the IJBs and the Health & Social Care Partnerships (“HSCPs”) shows that there are risks which are common to them all. Consequently it is quite possible that a single assurance report on a topic, or an audit report on topic, can efficiently serve the needs of several organisations.
4. Internal audit reports are not the only source of assurance available to IJBs. As an example, NHS Lothian produces an annual Governance Statement which is underpinned by annual reports from the Board’s committees – these could be made available to the officers/ chief internal auditors of the IJBs. Additionally executive management (including IJB Chief Officers) can provide assurance directly to IJBs and their committees.

A Way Forward

The above principles led to the following implications for internal audit plans.

- 1) The IJB Chief Internal Auditor will need to do specific internal audits relating to the strategic planning, performance management, and governance for the IJB.
- 2) The IJB internal audit plan should also include audits of the processes which allow the IJB to take assurance from NHS Lothian’s and the local authority’s system of governance.
- 3) The work of the NHS Lothian internal audit function and the local authority function is carried out on behalf of NHS Lothian and the local authority respectively. These audits are not carried out on behalf of the IJBs. It is for NHS Lothian and the local authority to seek assurance as part of their systems of governance, and the IJBs should be able to rely on those systems.
- 4) It should be possible for the IJB Chief Internal Auditor to start with a complete internal audit universe for the IJB, and through a filtering process, arrive at a list of unaudited areas to inform the request fed into the internal audit planning processes of NHS Lothian and the local authority. (*The diagram below illustrates this concept*)
- 5) The Chief Internal Auditors of NHS Lothian and the local authority can determine the best way to accommodate the IJB request within their internal audit plans. It is possible that it can be done by adapting something that is already in their plans. There is the potential for the NHS Lothian Chief Internal Auditor to do an exercise that meets the needs of more than one IJB.

