

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 5 September 2019, 2.00pm

Midlothian Health and Social Care Integration Joint Board Audit and Risk Committee Annual Report 2018/19

Item number: 5.5

Executive summary

The purpose of this report is to provide Members with the inaugural MIJB Audit and Risk Committee Annual Report 2018/19 which sets out how it is performing against its remit and incorporates its annual self-assessments using the CIPFA Audit Committees Guidance.

The MIJB Audit and Risk Committee is asked to:

- (a) Approve the MIJB Audit and Risk Committee Annual Report 2018/19 (Appendix 1) which incorporates its self-assessments (Appendices 2 and 3) using the CIPFA Audit Committees Guidance; and**
 - (b) Agree that the MIJB Audit and Risk Committee Annual Report 2018/19 should be presented to the MIJB to set out how it is performing against its remit and to gain approval to the proposed amendment to its Terms of Reference.**
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Midlothian Health and Social Care Integration Joint Board Audit and Risk Committee Annual Report 2018/19

1 Purpose

- 1.1 The purpose of this report is to provide Members with the inaugural MIJB Audit and Risk Committee Annual Report 2018/19 which sets out how it is performing against its remit and incorporates its annual self-assessment using the CIPFA Audit Committees Guidance.

2 Recommendations

- 2.1 The MIJB Audit and Risk Committee is asked to:
- a) Approve the MIJB Audit and Risk Committee Annual Report 2018/19 (Appendix 1) which incorporates its self-assessments (Appendices 2 and 3) using the CIPFA Audit Committees Guidance; and
 - b) Agree that the MIJB Audit and Risk Committee Annual Report 2018/19 should be presented to the MIJB to set out how it is performing against its remit and to gain approval to the proposed amendment to its Terms of Reference.

3 Background and main report

- 3.1 It is important that the MIJB's Audit and Risk Committee fully complies with best practice guidance on Audit Committees to ensure it can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the Midlothian Health and Social Care Integration Joint Board.
- 3.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued an updated guidance note Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition (hereinafter referred to as CIPFA Audit Committees Guidance) which is deemed relevant to integration authorities' audit committees for corporate governance purposes. It incorporates CIPFA's 2018 Position Statement which sets out CIPFA's view of the role and functions of an Audit Committee. The CIPFA Audit Committees Guidance includes the production of an annual report on the performance of the Audit Committee against its remit for submission to the IJB.
- 3.3 The MIJB Audit and Risk Committee for the first time carried out self-assessments of Compliance with the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance during an Informal Session held on 6 June 2019 facilitated by the MIJB's Chief Internal Auditor. The inaugural MIJB Audit and Risk Committee Annual Report 2018/19 is appended to this report as Appendix 1 for consideration to adopt this best practice. The self-assessments are appended to this report as Appendix 2 (Good Practice Principles) and Appendix 3 (Effectiveness) for consideration.

- 3.4 The outcome of the self-assessments was a medium-high degree of performance against the good practice principles and a medium degree of effectiveness; the latter in recognition of the early stages of health and social care integration. Improvements have been identified by the Committee.
- 3.5 The MIJB Audit and Risk Committee Annual Report 2018/19 is designed both to provide assurance to the members of the MIJB's Board and to provide some actions for the Committee to improve its effectiveness.

4 Policy Implications

- 4.1 The Midlothian Integration Joint Board (MIJB), established as a separate legal entity as required by The Public Bodies (Joint Working) (Scotland) Act 2014, is responsible for the strategic planning and commissioning of a wide range of integrated health and social care services across the Midlothian partnership area, based on resources which have been delegated to it by the partners, Midlothian Council and NHS Lothian.
- 4.2 The MIJB is therefore expected to operate under public sector good practice governance arrangements which are proportionate to its transactions and responsibilities to ensure the achievement of the objectives of Integration.
- 4.3 The establishment of robust internal controls, governance, and risk management arrangements is one of the key components of good governance, as is the oversight and scrutiny of their effectiveness. Good governance will enable the MIJB to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
- 4.4 The Audit and Risk Committee of the Midlothian Integration Joint Board is responsible for the promotion of best practice in the areas of risk management, financial procedures, internal controls, development of continuous improvement and review of External Audit issues.

5 Equalities Implications

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

6 Resource Implications

- 6.1 The self-assessment included the consideration of the resources that are in place to support the Committee to fulfil its remit.

7 Risk

- 7.1 There is a risk that the MIJB Audit and Risk Committee does not fully comply with best practice guidance thus limiting its effectiveness as a scrutiny body as a foundation for sound corporate governance. The completion of the annual self-assessment and identification and implementation of improvement actions as evidenced through this Annual Report will mitigate this risk.

8 Involving people

- 8.1 This report relates to Members of the MIJB Audit and Risk Committee. For the first time Members of the MIJB Audit and Risk Committee carried out self-assessments of Compliance with the Good Practice Principles Checklist and Evaluation of Effectiveness Toolkit from the CIPFA Audit Committees Guidance during an Informal Session held on 6 June 2019 facilitated by the MIJB's Chief Internal Auditor. The Chair of the Committee has agreed the content of the resulting Annual Report 2018/19 in advance of its consideration by the Committee.

9 Background Papers

- 9.1 CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2018 Edition

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