

**MIDLOTHIAN HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD  
AUDIT AND RISK COMMITTEE  
ANNUAL REPORT FROM THE CHAIRMAN – 2018/19**

This inaugural annual report has been prepared to inform the Midlothian Health and Social Care Integration Joint Board of the work carried out by its Audit and Risk Committee during the financial year. The content and presentation of this report meets the requirements of the CIPFA 'Audit Committees' Guidance to report to the full Board on a regular basis on the Committee's performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose.

**Meetings**

The MIJB Audit and Risk Committee has met 4 times during the financial year on 20 June, 6 September and 6 December 2018, and 7 March 2019 to consider reports pertinent to the audit cycle. The remit of the MIJB Audit and Risk Committee is to have high level oversight of the governance, risk and internal control arrangements of the MIJB. To fulfil this remit, it sought assurances through material it received from Internal Audit (provided by MLC's Internal Audit team), External Audit (delivered by EY), other external scrutiny and audit bodies, and from Management, and it placed reliance on the partners' arrangements and assurance frameworks.

The Committee scrutinised the MIJB's Statement of Accounts at appropriate times in accordance with its Terms of Reference and, in doing so, promoted effective public reporting to the integration authority's stakeholders and local community.

The minutes of MIJB Audit and Risk Committee meetings were presented for noting by the MIJB following their approval by Committee and any exceptional items were referred to the MIJB in accordance with its Terms of Reference.

**Membership**

The MIJB appoints the Committee which consists of (at least) four voting members of the MIJB (2 from the Health Board and 2 from the Council), excluding professional advisors, and an Independent Member. The membership, which is based on integration legislative requirements, does not meet with principles of good practice within CIPFA 'Audit Committees' Guidance for audit committees to be independent from the decision-making body for effective scrutiny though this is partly addressed though the appointment of an Independent Member.

The Committee membership during the year was Councillor J Muirhead (Chairman), Councillor P Winchester, Mr A McCann, Mr A Joyce, and Ms J Cuthbert (Independent Member).

The attendance by each member at the Committee meetings throughout the year was as follows:

<b>Member</b>	<b>Meeting of 20 June 2018</b>	<b>Meeting of 6 September 2018</b>	<b>Meeting of 6 December 2018</b>	<b>Meeting of 7 March 2019</b>
<b>Cllr Jim Muirhead (Chair)</b>	√	√	√	√
<b>Cllr Pauline Winchester</b>	√			√
<b>Mr Angus McCann</b>	√	√	√	√
<b>Mr Alex Joyce</b>			√	√
<b>Ms Jane Cuthbert (Independent Member)</b>	√	√	√	√

Every meeting of the MIJB Audit and Risk Committee in 2018/19 was quorate (i.e. at least three Members present).

All other individuals who attended the meetings are recognised as being “in attendance” only. The Chief Officer, Chief Finance Officer, Chief Internal Auditor, external auditors, and the Committee Clerk (provided by MLC) attend all Committee meetings to support the Committee with the exception of June 2018 meeting when Chief Officer submitted his apologies.

### **Skills and Knowledge**

Given the wider corporate governance remit of audit committees and the topics now covered by the external and internal audit functions, it is noteworthy that there is a range of skills, knowledge and experience that MIJB Audit and Risk Committee members bring to the committee, not limited to financial and business management. This enhances the quality of scrutiny and discussion of reports at the meetings. No one committee member would be expected to be expert in all areas.

### **Self-Assessment of the Committee**

The inaugural self-assessment was carried out by members of the MIJB Audit and Risk Committee on 6 June 2019 during an Informal Session facilitated by the MIJB Chief Internal Auditor using the ‘Good Practice Principles Checklist’ and ‘Evaluation of Effectiveness Toolkit’ from the CIPFA ‘Audit Committees’ Guidance. This was useful for Members to ensure the Committee can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the MIJB.

The outcome of the self-assessments for the Committee 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. The following improvements have been identified: Appointment of an Independent Member through an open recruitment and selection process; Set up Informal Sessions before or after each meeting to support the committee with briefings and training; utilise the Knowledge and Skills Framework to inform their learning and development needs; obtain feedback on its performance from a range of attendees who interact with the Committee; and publish this annual report to account for its performance and explain its work.

### **Assurance Statement to the MIJB**

The IJB Audit Committee provides the following assurance to the Integration Joint Board:

- The IJB has received the Minutes of the IJB Audit and Risk Committee meetings throughout the year.
- The IJB Audit and Risk Committee has operated in accordance with its agreed Terms of Reference, and accordingly with the audit committee principles in the CIPFA Position Statement.
- It did this through assurances it received from Internal Audit, External Audit, other audit and inspection bodies, and Management. It focussed entirely on matters of risk management, internal control and governance.
- For all audit reports, the IJB Audit and Risk Committee considered whether it was satisfied that an adequate Management response was in place to ensure action would be taken to manage risk and address concerns on internal controls and governance arrangements.
- The IJB Audit and Risk Committee has reflected on its performance during the year in respect of its Audit functions, and has identified areas for improvements.

**Recommendation relating to the Terms of Reference for the MIJB Audit and Risk Committee for the coming year**

During the annual self-assessment the Committee considered its Terms of Reference and has determined that it requires an update to explicitly address the new core area identified in CIPFA's Position Statement (2018) "Supporting the ethical framework". It therefore proposes that the following addition be reflected in the Terms of Reference for the IJB Audit and Risk Committee as set out in the MIJB's Standing Orders:

29. Promote the highest standards of conduct and professional behaviour by IJB members in line with The Ethical Standards and Public Life etc. (Scotland) Act 2000.

Councillor Jim Muirhead  
Chairman of MIJB Audit and Risk Committee  
August 2019