

**MIDLOTHIAN HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD  
AUDIT AND RISK COMMITTEE  
ANNUAL REPORT FROM THE CHAIRMAN – 2020/21**

This 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 3 times on a virtual basis during the financial year on 3 September and 3 December 2020, and 4 March 2021 to consider reports pertinent to the audit cycle; its scheduled meeting on 4 June 2020 was cancelled due to pandemic restrictions with time-sensitive statutory reports instead being presented directly to the MIJB Board on 11 June 2020 (Internal Audit Annual Assurance Report 2019/20; Annual Governance Statement 2019/20; Draft Unaudited Annual Accounts 2019/20).

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, External Audit, other external scrutiny and audit bodies, and from Management, and it placed reliance on the partners' arrangements and assurance frameworks.

The Committee considered the MIJB's audited Annual Accounts 2019/20 in September 2020, prior to their presentation for approval by the MIJB, and, in doing so, promoted effective public reporting to the integration authority's stakeholders and local community. The Committee also reviewed the Annual Governance Statement therein to assess whether it properly reflects the risk environment and whether the content is consistent with its evaluation of the internal controls and governance arrangements based on evidence received during the year.

The Committee scrutinised reports presented by the Council's Risk Manager at each of the meetings that provided a quarterly update on the Strategic Risk Profile and the current issues, future risks and opportunities for the MIJB, plus an overview of the most significant issues and risks facing the MIJB, prior to the Strategic Risk Profile being reported to the MIJB Board quarterly.

The Committee approved the Plans for work being delivered by Internal Audit (provided by Midlothian Council Internal Audit, and NHS Lothian Internal Audit) and External Audit (delivered by EY), considered Reports presented by Internal Audit and External Audit on their findings, conclusions and recommendations arising from their work, monitored the implementation of recommendations arising from Internal and External Audit work, and considered assurance from relevant Internal Audit reports by partners' Internal Auditors presented to their respective Audit Committees.

The Committee scrutinised the updated Local Code of Corporate Governance for the Midlothian Integration Joint Board and recommended it for MIJB approval (April 2021). Its compliance with the best practice CIPFA / SOLACE Framework ensures that: resources are directed in accordance with agreed policy and according to priorities; there is sound and inclusive decision making; and there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

The minutes of MIJB Audit and Risk Committee meetings were presented for noting by the MIJB following their approval by the 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 the principles of good practice within CIPFA 'Audit Committees' Guidance for audit committees to be independent from the decision-making body for effective scrutiny. This is partly addressed though the appointment of an Independent Member, who was appointed from the community for a fixed period to 31 October 2022, following an open recruitment and selection process.

The Committee membership during the year was Councillor J Muirhead (Chairman), Councillor D Milligan, Ms C Hirst, Mr M Ash, and Ms P Russell (Independent Member).

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

Member	Meeting of 3 September 2020	Meeting of 3 December 2020	Meeting of 4 March 2021
Cllr Jim Muirhead (Chair)	√	√	√
Cllr Derek Milligan	√		
Ms Carolyn Hirst	√	√	√
Mr Mike Ash	√	√	
Ms Pam Russell (Independent Member)	√	√	√

Every meeting of the MIJB Audit and Risk Committee in 2020/21 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. One exception at the March 2021 meeting when the Head of Adult Social Care substituted for the Chief Officer.

## 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 self-assessment was carried out by members of the MIJB Audit and Risk Committee on 21 April 2021 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 degree of performance against the good practice principles and a medium degree of effectiveness. The Committee identified the following areas of improvement in order to fulfil its remit more effectively:

- Set up Informal Sessions before or after each meeting to provide the opportunity for Committee Members' learning and development and private discussions with the auditors;
- Utilise the Knowledge and Skills Framework to inform Committee Members' learning and development needs;
- Obtain feedback on its performance from those who interact with the Committee; and
- Publish an annual report to account for its performance and explain its work.

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

The MIJB Audit and Risk Committee provides the following assurance to the Midlothian Integration Joint Board:

- The MIJB has received the Minutes of the MIJB Audit and Risk Committee meetings throughout the year.
- The MIJB 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 MIJB 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.
- There is effective engagement of MIJB Audit and Risk Committee Members including challenge and questions relating to the business on the agendas.
- The MIJB Audit and Risk Committee has reflected on its performance during the year in respect of it fulfilling its remit, and has identified areas for improvement.

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

The Committee considered its Terms of Reference during the annual self-assessment and has determined that there are no changes required at this time.

Councillor Jim Muirhead  
Chairman of MIJB Audit and Risk Committee  
May 2021