

# Minute of Meeting

MIJB Audit and Risk Committee  
Wednesday 20 June 2018  
Item No 4.1



## Midlothian Integration Joint Board Audit and Risk Committee

| Date                                 | Time   | Venue  |
|--------------------------------------|--------|--|
| Thursday 29 <sup>th</sup> March 2018 | 1.00pm | Committee Room, Midlothian House, Buccleuch Street, Dalkeith EH22 1DN. |

### Present:

|                                    |   |
|------------------------------------|---|
| Cllr Jim Muirhead (Chair)          | Cllr Janet Lay-Douglas (substitute for Cllr Pauline Winchester) |
| Jane Cuthbert (Independent Member) |   |
|                                    |   |

### Present (non-voting):

|                                      |                                    |
|--------------------------------------|------------------------------------|
| Allister Short (Chief Officer)       | David King (Chief Finance Officer) |
| Jill Stacey (Chief Internal Auditor) |                                    |
|                                      |                                    |

### In attendance:

|  |   |
|--|---|
| Keith Macpherson (EY, External Auditors) | Chris Lawson (Risk Manager, Midlothian Council) |
| Mike Broadway (Clerk)                    |   |
|  |   |

### Apologies:

|                         |            |
|-------------------------|------------|
| Cllr Pauline Winchester | Alex Joyce |
|                         |            |

# Midlothian Integration Joint Board

## Audit and Risk Committee

Thursday 29 March 2018

### 1. Welcome and introductions

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The Chair, Jim Muirhead, welcomed everyone to this Meeting of the Midlothian Integration Joint Board Audit and Risk Committee, following which there was a round of introductions.

### 2. Order of Business

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The order of business was confirmed as outlined in the agenda that had been previously circulated.

### 3. Declarations of interests

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No declarations of interest were intimated.

### 4. Note of Meeting

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The Minutes of Meeting of the Midlothian Integration Joint Board Audit and Risk Committee held on 14<sup>th</sup> December 2017 was submitted and approved.

### 5. Reports

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| Report No. | Report Title           | Presented by: |
|------------|------------------------|---------------|
| 5.1        | Risk Register - Update | Chris Lawson  |

#### Executive Summary of Report

With reference to paragraphs 5.2 and 5.3 of the Minutes of 14 December 2017, there was submitted a report laying out the revised MIJB risk register and presenting a draft report regarding risk appetite for the Committee's consideration and approval.

The report reminded Members that at the previous meeting, the Committee had taken the opportunity to work through the MIJB's risk register and to consider which, if any risks should be added to the register and which should be removed. The Committee had also supported the broad principle that the MJB's risk management policy should be to manage the risks to the MIJB's own 'business' and not the business of the MIJB's partners.

The Committee had also asked to have a report prepared for the MIJB regarding the Committee's recommendations on risk appetite – that is which risks should be included on the risk register and what the risk management strategy for these risks should be.

# Midlothian Integration Joint Board

## Audit and Risk Committee

Thursday 29 March 2018

### Summary of discussion

The Committee, having heard from the Risk Manager, discussed the Risk Register, and the draft report on risk appetite; copies of which were appended to the report. The inclusion of a key to explain the symbols and notations used in the register was welcomed as a useful addition. With regards the contents of the register it was felt they were a good reflection of the risks/opportunities currently facing the MIJB, although there was some discussion about the best means of recording recurring risks. It was also felt that it would be useful going forward if there could be consistence in the use of job titles of those managing risks, and to avoid were possible multiple repetitious entries.

### Decision

- **To confirm that the risks contained in the report reflected the current risks/opportunities facing the MIJB;**
- **To note that work would be undertaken to address the issues raised in regards to the 'managed by' entries in the register;**
- **To approve the draft report on risk appetite for submission to the MIJB; and**
- **To, otherwise, note the report.**

### Action

Risk Manager/Clerk

| Report No. | Report Title       | Presented by: |
|------------|--------------------|---------------|
| 5.2        | External Audit Fee | David King    |

### Executive Summary of Report

This paper laid out the proposed audit fee set by Audit Scotland for the Midlothian IJB for 2017/18.

The report advised that, as a statutory body regulated by the Local Government Scotland Act (1973), the MIJB must produce a set of accounts on an annual basis and that these accounts must be audited by an 'independent' external auditor appointed by Audit Scotland. In keeping with the general practice across Scotland the Council's auditors Ernst and Young had also been appointed as the auditors for the Midlothian IJB.

### Summary of discussion

Having heard from the Chief Finance Officer and Keith Macpherson (EY, External Auditors), the Committee acknowledged that the proposed audit fee reflected the level of audit need and resources required to fulfil that function based on the involvement of the previous year.

# Midlothian Integration Joint Board

## Audit and Risk Committee

Thursday 29 March 2018

### Decision

After further discussion the Audit and Risk Committee agreed to note the fees requested by the MIJB's independent auditors for the audit of the MIJB's 2017/18 accounts.

### Action

Chief Finance Officer

| Report No. | Report Title   | Presented by: |
|------------|--|---------------|
| 5.3        | Midlothian IJB Annual Internal Audit Annual Plan 2018/19 | Jill Stacey   |

### Executive Summary of Report

The purpose of the report was to present for the Committee approval the Draft Internal Audit Plan for 2018/19; a copy of which was appended to the report.

The report advised that the Public Sector Internal Audit Standards require the Chief Internal Auditor to develop a risk-based audit plan which sets out the priorities for the Internal Audit activity during the year in order to enable the Chief Internal Auditor to prepare the annual opinion on the adequacy of the overall control environment of the Midlothian Integration Joint Board. These priorities needed to be consistent with the MIJB's goals.

### Summary of discussion

Having heard from the Chief Internal Auditor, the Committee discussed the importance of the work being undertaken by Internal Audit and emphasised the need to ensure that the shared resources of the Council and NHS Lothian were used as profitably as possible in carrying out the audit function of the MIJB.

### Decision

- To approve the Internal Audit Annual Plan for 2017/18.

### Action

Chief Internal Auditor/Risk Manager

| Reports No. | Report Titles   | Presented by:                           |
|-------------|---|---|
| 5.4         | External Audit - Midlothian IJB Annual Audit Plan for 2017/18 | Keith Macpherson, EY, External Auditors |

# Midlothian Integration Joint Board

## Audit and Risk Committee

Thursday 29 March 2018

### Executive Summary of Report and Summary of discussion

There was submitted the Midlothian Integration Joint Board Annual External Audit Plan for the financial year ending 31 March 2018. Keith Macpherson, External Auditor in presenting the Plan to the Committee explained that it covered the audit approach to the financial statements and the wider responsibilities under the Audit Scotland code which included a review of governance and performance. In addition, the report outlined the key areas and challenges in the current year including the financial pressures and the identification of significant audit risks. Also included within the report was a timetable on the key phases of the audit for 2017/18. Thereafter he responded to questions raised by members of the Committee.

### Decision

**To note the Report.**

### Action

EY, External Auditors

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| Report No. | Report Title               | Presented by: |
|------------|----------------------------|---------------|
| 5.5        | Other Reports of interest. | David King    |

### Executive Summary of Report

This paper brought to the Committee's attention, a letter from the Scottish Government's Health and Sports Committee regarding financial reporting of the IJB's activities to the Scottish Government.

The report highlighted that, depending on the timetables, this may mean that financial information is reported, albeit at a very high level, to the Scottish Government that may not have been reported to the IJB. Chief Finance Officers had agreed that only information placed in the public domain should be reported to the Scottish Government however this matter had not yet been fully resolved.

### Summary of discussion

The Chief Finance Officer in presenting the report to the Committee responded to Members' questions/comments.

### Decision

- To note the contents of this report.**

### Action

Chief Finance Officer

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# Midlothian Integration Joint Board

## Audit and Risk Committee

Thursday 29 March 2018

| Report No. | Report Title   | Presented by: |
|------------|--|---------------|
| 5.6        | Audit and Risk Committee Proposed Meeting Schedule 2018/19 | David King    |

### Executive Summary of Report

The Committee received a report setting out the proposed meeting schedule for the remainder of the current 2018/19 financial year through to the end of 2019, viz:-

Thursday 7<sup>th</sup> June 2018;  
 Thursday 6<sup>th</sup> September 2018;  
 Thursday 6<sup>th</sup> December 2018;  
 Thursday 7<sup>th</sup> March 2019;  
 Thursday 2<sup>th</sup> June 2019;  
 Thursday 5<sup>th</sup> September 2019; and  
 Thursday 5<sup>th</sup> December 2019.

Further dates could be added to this schedule should the need arise. The schedule would be presented to the Integration Joint Board meeting on 3 May 2018 for approval.

### Decision

- **Noted and Approved for its interest the schedule of meeting dates for the remainder of the current 2018/19 financial year through to the end of 2019, as detailed above: and**
- **Noted that the schedule would be presented to the Integration Joint Board meeting on 3 May 2018 for formal approval.**

### Action

All Audit and Risk Committee Members to note.

## 6. Private Reports

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No private reports were submitted to this meeting.

## 7. Date of next meeting

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The next meeting of the Midlothian Integration Joint Board Audit and Risk Committee will be held on Thursday 7<sup>th</sup> June 2018 at 1.00pm\*.

(**Note:-** Following the meeting, it was agreed with the Chair that the next Meeting would start at 1.00pm)

The meeting terminated at 1.53 pm.