

Midlothian Integration Joint Board Audit and Risk Committee



Thursday 4 March 2021, 2.00pm

Midlothian IJB Local Code of Corporate Governance

Item number: 5.5

Executive summary

The purpose of this report is to provide the MIJB Audit and Risk Committee with the opportunity to scrutinise the updated Local Code of Corporate Governance for the Midlothian Integration Joint Board and recommend it for MIJB approval, to assist with the 2020/21 annual assurance process.

The MIJB Audit and Risk Committee is therefore asked to:

- Note the changes outlined in this report;
 - Recommend to the MIJB for approval of the updated Local Code of Corporate Governance (Appendix 1); and
 - Note that the updated Local Code will be used for the 2020/21 annual assurance process.
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Midlothian IJB Local Code of Corporate Governance

1. Purpose

- 1.1 This report provides the MIJB Audit and Risk Committee with the opportunity to scrutinise the updated Local Code of Corporate Governance for the Midlothian Integration Joint Board and recommend it for MIJB approval, to assist with the 2020/21 annual assurance process.

2. Recommendations

- 2.1 Note the changes outlined in this report;
- 2.2 Recommend to the MIJB for approval of the updated Local Code of Corporate Governance (Appendix 1); and
- 2.3 Note that the updated Local Code will be used for the 2020/21 annual assurance process.

3. Background

- 3.1 Midlothian IJB is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 3.2 The MIJB Local Code of Corporate Governance was approved by MIJB in June 2019.
- 3.3 Fundamentally Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values by which the authority is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
- 3.4 The CIPFA/SOLACE Framework urges local authorities (including integration authorities) to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis.
- 3.5 The Audit & Risk Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.¹

¹ CIPFA guidance note for local authorities 'Audit Committees' (2018)

4. Local Code of Corporate Governance

- 4.1 The MIJB Internal Audit Annual Assurance Report 2019/20, which was presented to the MIJB on 11 June 2020, stated within the audit opinion section:
- “The MIJB’s Local Code of Corporate Governance has been updated during the year and the format significantly revised by Internal Audit with MIJB Management to ensure this key document complies with the CIPFA/SOLACE ‘Delivering Good Governance in Local Government: Framework’ (2016) and continues to be relevant and complete by reflecting the appropriate framework for effective governance of the MIJB’s business, including its role as the strategic commissioning body i.e. setting out when responsibility lies with the Board or where reliance is placed on the arrangements in place at its Partners. The content and format of the Annual Governance Statement should reflect the annual review of compliance with the updated Local Code. The updated MIJB Local Code of Corporate Governance will be submitted for scrutiny by the MIJB Audit and Risk Committee, with the recommendation that it is approved by the Board thereafter.”
- 4.2 The 7 core principles of good governance set out in the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’ (2016) are:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - B. Ensuring openness and comprehensive stakeholder engagement
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes
 - E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it
 - F. Managing risks and performance through robust internal control and strong public financial management
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability
- 4.3 The main changes to the Local Code cover:
- Comprehensive evidence against each of the seven principles of good governance and sub-principles, including where reliance is placed on the arrangements within the partner organisations;
 - Updates to strategies, plans and processes which reflect the current operating environment; and
 - Enhancements arising from audit and inspection findings, and other planned changes.
- 4.4 The updated Local Code of Corporate Governance for Midlothian Integration Joint Board (Appendix 1) is presented to the MIJB Audit and Risk Committee for scrutiny prior to approval by MIJB. The updated Local Code will be used for the 2020/21 annual assurance process.

5. Policy Implications

- 5.1 The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) is intended to ensure that health and social care services in Scotland are well integrated, so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care.
- 5.2 The Midlothian Integration Joint Board (MIJB), established as a separate legal entity as required by the Act, 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.
- 5.3 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.
- 5.4 The overall aim of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016), on which MIJB's Local Code of Corporate Governance is framed, is to ensure 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.
- 5.5 Core principle of good governance "D. Determining the interventions necessary to optimise the achievement of the intended outcomes" is included within the CIPFA/SOLACE Framework. Prevention and detection internal controls and governance arrangements are a key part of the good governance framework within the MIJB's Local Code of Corporate Governance.
- 5.6 Core principle of good governance "C. Defining outcomes in terms of sustainable economic, social, and environmental benefits" is included within the CIPFA/SOLACE Framework. MIJB's evidence of systems, processes and documentation to demonstrate local compliance with this core principle of good governance is set out in its Local Code of Corporate Governance.
- 5.7 The updated Local Code will be used for the 2020/21 annual assurance process. This process includes the annual self-assessment, the identification of improvement actions that are designed to enhance the internal control environment, and risk management and corporate governance arrangements, and the preparation and publication of an Annual Governance Statement reporting on the review and outcomes. This process not only creates an opportunity for the MIJB to set out its standards for good governance but also to ensure that its governance arrangements are seen to be sound. This is important as the governance arrangements in public services are closely scrutinised.

- 5.8 This demonstrates the core principle of good governance “G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability” included within the CIPFA/SOLACE Framework.

6. Equalities Implications

- 6.1 The application of equalities legislation within practices is set out in MIJB’s Local Code of Corporate Governance to demonstrate compliance of core principle of good governance “A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law” which is included within the CIPFA/SOLACE Framework.
- 6.2 The roles and responsibilities of Board members and statutory officers and the processes to govern the conduct of the Board’s business are defined in the approved Scheme of Integration and the approved Standing Orders to make sure that public business is conducted with fairness and integrity.

7. Resource Implications

- 7.1 Core principle of good governance “E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it” is included within the CIPFA/SOLACE Framework.

8. Risks

- 8.1 The review and update of the Local Code of Corporate Governance will ensure that internal controls, risk management and other governance arrangements reflect the arrangements in place on an evidence-basis.
- 8.2 Core principle of good governance “F. Managing risks and performance through robust internal control and strong public financial management” is included within the CIPFA/SOLACE Framework. MIJB’s evidence of systems, processes and documentation to demonstrate local compliance with this core principle of good governance is set out in its updated Local Code of Corporate Governance, including where MIJB places reliance on the governance arrangements adopted by NHS Lothian and Midlothian Council, the partners.

9. Involving People

- 9.1 Core principle of good governance “B. Ensuring openness and comprehensive stakeholder engagement” is included within the CIPFA/SOLACE Framework. MIJB’s evidence of systems, processes and documentation to demonstrate local compliance with this core principle of good governance is set out in its Local Code of Corporate Governance.

9.2 The MIJB Chief Officer, Chief Finance Officer and Integration Manager were engaged with Internal Audit in the significant update of evidence and format changes of the MIJB Local Code of Corporate Governance during 2019/20. Internal Audit has reflected any further updates as part of its assessment of internal control and governance during 2020/21.

10. Background Papers

See Appendix 1 'MIJB Local Code of Corporate Governance'.

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