

CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 Edition

Midlothian Health and Social Care IJB Audit and Risk Committee – self-assessment of Good Practice at June 2019

Audit committee purpose and governance	Yes/Partly/No	Comments
Does the integration authority have a dedicated audit committee?	Yes	The MIJB Audit and Risk Committee has been constituted with a Terms of Reference (MIJB Standing Orders - May 2018) and has periodic meetings during the year in line with the Audit Cycle.
Does the audit committee report directly to full Board?	Yes	MIJB full Board notes the Minutes of each MIJB Audit and Risk Committee meeting following their approval by the latter.
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement	Yes	Review has been completed by MIJB Chief Internal Auditor against CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 (deemed applicable to integration authorities' audit committees).
Is the role and purpose of the audit committee understood and accepted across the integration authority?	Yes	MIJB Audit and Risk Committee has been constituted with a Terms of Reference and has periodic meetings during the year in line with the Audit Cycle which are regularly attended by the MIJB's Chief Officer, Chief Finance Officer, Chief Internal Auditor and External Auditor.
Does the audit committee provide support to the integration authority in meeting the requirements of good governance?	Yes	<p>The MIJB Audit and Risk Committee is a key part of the MIJB's governance framework as outlined in the MIJB Local Code of Corporate Governance (approved by the Board in June 2019 on recommendation by Audit and Risk Committee).</p> <p>The role of the MIJB Audit and Risk Committee is to have high-level oversight of the MIJB's internal control, governance and risk management.</p>
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Partly	The MIJB Standing Orders states that the MIJB Audit and Risk Committee is required "To report to the IJB on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose". The MIJB Audit and Risk Committee reviewed its terms of reference as part of its first self-assessment of performance 2018/19 against best practice checklists. An Annual Report will be presented to the MIJB setting out the activities to enable stakeholders to understand how the MIJB Audit and Risk Committee has discharged its duties and to identify areas of improvement to fulfil its remit.

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Functions of the committee	Yes/Partly /No	Comments
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?		
• good governance	Yes	Included in function nos. 1, 2 & 7
• assurance framework, including partnerships and collaboration arrangements	Yes	Assurance framework included in function no. 4; partnerships and collaboration arrangements implicit in all aspects of functions as integration authority places reliance on partners' arrangements as set out in MIJB Local Code of Corporate Governance
• internal audit	Yes	Included in function nos. 8 to 19 inclusive
• external audit	Yes	Included in function nos. 20 to 24 inclusive
• financial reporting	Yes	Included in function nos. 25 & 26
• risk management	Yes	Included in function nos. 4, 5, 6
• Value for money or best value	Yes	Included in function no. 3
• Counter-fraud or corruption	Yes	Reliance on partners' arrangements as set out in MIJB Local Code of Corporate Governance; counter fraud and corruption is key element of internal controls included in function no.7
• Supporting the ethical framework	Partly	Implicit in all aspects of functions, but recommend that TOR is updated to be explicit on ethics.

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Functions of the committee (cont'd)	Yes/Partly /No	Comments
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	No	The MIJB Standing Orders states that the MIJB Audit and Risk Committee is required "To report to the IJB on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose". The MIJB Audit and Risk Committee reviewed its terms of reference as part of its first self-assessment of performance 2018/19 against best practice checklists. An Annual Report will be presented to the MIJB setting out the activities to enable stakeholders to understand how the MIJB Audit and Risk Committee has discharged its duties and to identify areas of improvement to fulfil its remit.
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	Yes	Review has been completed by MIJB Chief Internal Auditor against CIPFA 'audit committees' Practical Guidance for Local Authorities and Police 2018 (deemed relevant to integration authorities' audit committees). In the context of health and social care integration reliance is placed on partners' audit committees fulfilling their functions.
Where coverage of core areas has been found to be limited, are plans in place to address this?	Yes	Coverage of core areas is adequate.
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Yes	The 2018/19 self-assessment has confirmed that the MIJB Audit and Risk Committee adhered to its terms of reference during the year.

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Membership and support	Yes/Partly /No	Comments
<p>Has an effective audit committee structure and composition of the committee been selected?</p> <p>This should include:</p> <ul style="list-style-type: none"> • separation from the executive • an appropriate mix of knowledge and skills among the membership • a size of committee that is not unwieldy • consideration has been given to the inclusion of at least one independent member 	Partly	<p>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.</p> <p>The scrutiny arrangements in place, which are based on integration legislative requirements, do not meet with generally accepted principles of good practice for audit committees (1st bullet point) as 4 of the 5 Committee members are MIJB members though this is partly addressed though the appointment of an Independent Member.</p>
Have independent members appointed to the committee been recruited in an open and transparent way and approved by the IJB?	Partly	One external member was appointed in 2016 approved by the MIJB on skills, knowledge and competencies. Appointment of an Independent Member through an open recruitment and selection process is an area of improvement arising from inaugural self-assessment 2018/19.
Does the chair of the committee have appropriate knowledge and skills?	Yes	The Chair of the MIJB Audit and Risk Committee is an experienced Councillor and chair of meetings.
Are there arrangements in place to support the committee with briefings and training?	Partly	Induction Programme for the MIJB was undertaken. Informal Sessions before or after each meeting is an area of improvement arising from inaugural self-assessment 2018/19.
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	No	As an improvement from the inaugural self-assessment 2018/19, MIJB Audit and Risk Committee Members will utilise the Knowledge and Skills Framework to inform their learning and development needs.
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief financial officer?	Yes	Members, in particular the Chair of the MIJB Audit and Risk Committee, utilise opportunities to meet with or email, as required, the key people involved in the MIJB's governance for advice and support e.g. Chief Officer, Chief Finance Officer, Chief Internal Auditor, and External Auditor.
Is adequate secretariat and administrative support to the committee provided?	Yes	A Democratic Services Officer is assigned to the MIJB Audit and Risk Committee.

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Effectiveness of the committee	Yes/Partly /No	Comments
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	No	As an improvement from the inaugural self-assessment 2018/19 the MIJB Audit and Risk Committee will obtain feedback on its performance from a range of attendees who interact with the Committee on a periodic basis.
Are meetings effective with a good level of discussion and engagement from all members?	Yes	Recorded in Minutes.
Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	Yes	Members utilise opportunities to meet with or email, as required, the key people responsible for the MIJB's governance and improvement e.g. Chief Officer, Chief Finance Officer, Chief Internal Auditor, External Auditor, Risk Manager, and Democratic Services Officer.
Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	Yes	Recommendations are made to the MIJB through their receipt of relevant reports considered by MIJB Audit and Risk Committee and through the Minutes of each MIJB Audit and Risk Committee meeting.
Has the committee evaluated whether and how it is adding value to the organisation?	Yes	During its inaugural self-assessment 2018/19 the toolkit 'Evaluating the Effectiveness of the Audit Committee' from the CIPFA 'audit committees' guidance (2018) was utilised to consider how it is adding value to the MIJB.
Does the committee have an action plan to improve any areas of weakness?	No	The MIJB Audit and Risk Committee identified areas where it could improve in respect of its scrutiny and challenge role to fulfil its remit during its inaugural self-assessment 2018/19 against best practice checklist.
Does the committee publish an annual report to account for its performance and explain its work?	No	Requirement is stated in MIJB Audit and Risk Committee Terms of Reference though will present inaugural Annual Report 2018/19 to the MIJB to fulfil this from 2018/19 onwards. An Annual Report will be presented to the MIJB setting out the activities to enable stakeholders to understand how the MIJB Audit and Risk Committee has discharged its duties and to identify areas of improvement to fulfil its remit.