

Date	1 December 2021
Agenda Item	10



## Report to Audit Risk and Governance Committee

**Report Title: Audit and Risk Committee Principles**

**Report By: Internal Auditor**

Summary of Report and Implications	
<b>Purpose</b>	This report:
	- seeks a decision <input checked="" type="checkbox"/>
	- is to provide assurance <input type="checkbox"/>
	- is for information <input type="checkbox"/>
	- is for discussion <input type="checkbox"/>
	To inform the Committee of the revised audit and risk committee principles.
<b>Recommendations</b>	It is recommended that the Audit, Risk and Governance Committee approves the audit and risk committee principles.
<b>Directions to NHS Lothian and/or West Lothian Council</b>	A direction is not required.
<b>Resource/ Finance/ Staffing</b>	None.
<b>Policy/Legal</b>	None.
<b>Risk</b>	Effective joint working and information exchange arrangements between the audit and risk committees will contribute to the effective management of risk.

<b>Equality, Health Inequalities, Environmental and Sustainability Issues</b>	The report has been assessed as having little or no relevance with regard to equality or the Public Sector Equality Duty. As a result, an equality impact assessment has not been conducted.
<b>Strategic Planning and Commissioning</b>	Contributes to planning and commissioning via the provision of joint working and information exchange arrangements between the audit and risk committees.
<b>Locality Planning</b>	None.
<b>Engagement</b>	Vice Chair, Audit Risk and Governance Committee.

<b>Terms of Report</b>	
<b>1.1</b>	On 28 June 2017 the Audit, Risk and Governance Committee approved a set of audit and risk committee principles covering the interaction between the NHS Lothian Audit and Risk Committee and Lothian IJB Audit and Risk Committees. The principles cover communication between the committees and their chairs, communication of relevant internal audit reports, and liaison in relation to internal audit planning.
<b>1.2</b>	Following discussions between the NHS Lothian and IJB internal auditors it was agreed that the principles should be reviewed. Following an initial review, a meeting of the internal auditors and members of the various audit and risk committees was held on 19 October, attended by the Vice-Chair of this committee. A revised set of audit and risk committee principles was agreed which is attached as an appendix.
<b>1.3</b>	<p>The main changes to the principles are:</p> <ul style="list-style-type: none"> <li>• Principle four which previously stated “The minutes of the IJB audit &amp; risk committees and Lothian NHS Board audit &amp; risk committee shall be accessible” has been removed. The number of principles has therefore reduced from five to four;</li> <li>• The current principle four now relates to the interaction between the internal audit teams and has been re-written to set out the support to be provided by NHS Lothian internal audit to the IJB internal auditors. This is an entirely new arrangement.</li> </ul>
<b>1.4</b>	The Committee is invited to approve the principals.

<b>Appendices</b>	1. The Principles to Underpin the Working Relationships between the Lothian NHS Board Audit & Risk Committee and the Integration Joint Board Audit & Risk Committees
<b>References</b>	Report to Audit, Risk and Governance Committee 28 June 2017: Audit and Risk Committee Principles
<b>Contact</b>	Kenneth Ribbons, IJB Internal Auditor

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Appendix 1 - Principles to Underpin Working relationships between Lothian NHS and IJB Final 251021

**THE PRINCIPLES TO UNDERPIN THE WORKING RELATIONSHIPS BETWEEN THE LOTHIAN NHS BOARD AUDIT & RISK COMMITTEE AND THE INTEGRATION JOINT BOARD AUDIT & RISK COMMITTEES**

**PRINCIPLE 1: The IJB Audit & Risk Committees and the Lothian NHS Board Audit & Risk Committee have an effective working relationship to take forward matters of common interest.**

How will this work in practice?

- ✓ In addition to other specific measures, the chairs of the committees will meet every 6 months alongside the Chief Internal Auditors (broadly timing to be aligned to IA Planning and IA opinion).
- ✓ The audit & risk committees, chief internal auditors and management from the IJBs and Lothian NHS Board shall work collaboratively to resolve issues and risks, recognising that for some issues and risks there are interdependencies between the IJBs.
- ✓ The IJB Chief Officers (or delegated per IJB structures) shall lead the work required to maximise and maintain consistency in the IJBs' systems for risk management and risk registers. The aim is to create a reliable holistic view of risk from IJBs and Partner organisations.
- ✓ There will be an agreed two-way communication between the NHS Lothian ARC and the IJB. This will focus on the principles of assurance and sharing relevant information between both parties, not to duplicate the work of the respective committees.
- ✓ The IJB Audit & Risk Committees have the right to require NHS managers to attend their meetings, should they wish to discuss an internal audit report with them. However, it is agreed that this right would be exercised after due consideration and would probably be exceptional. In the normal course of events the IJB Audit & Risk Committees will in the first instance rely on the scrutiny and oversight work of Lothian NHS Board Audit & Risk Committee.

**PRINCIPLE 2 : To support the efficient conduct of business, there is a clear communication process from the IJB Audit & Risk Committee to the Lothian NHS Board Audit & Risk Committee, and vice versa.**

How will this work in practice?

- ✓ In the event that an IJB Audit & Risk Committee wishes to raise a matter directly with the NHS Lothian Audit & Risk Committee, the IJB relevant Officer will be tasked with communicating the request.
- ✓ The IJB Chief Finance Officer shall send the request to the secretary of the Lothian NHS Board Audit & Risk Committee (Alan Payne)

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**PRINCIPLE 2 : To support the efficient conduct of business, there is a clear communication process from the IJB Audit & Risk Committee to the Lothian NHS Board Audit & Risk Committee, and vice versa.**

[alan.payne@nhs.scot.uk](mailto:alan.payne@nhs.scot.uk) ). The secretary shall process the request accordingly.

- ✓ With regard to communication from the Lothian NHS Board Audit & Risk Committee to the IJB audit & risk committees, the secretary of the Lothian NHS Board Audit & Risk Committee shall send the information to the IJB Chief Finance Officer (or an officer that the IJB Chief Finance Officer has identified for that purpose).

**PRINCIPLE 3: The reports from the Lothian NHS Board internal audit function shall be readily available to the IJB audit & risk committees. The reports from the IJB internal audit functions shall be readily available to the Lothian NHS Board audit & risk committee.**

How will this work in practice?

- ✓ The Lothian NHS Board Audit & Risk Committee publishes internal audit reports once the Committee has reviewed and accepted them. The NHS Lothian Chief Internal Auditor routinely publishes internal audit reports on the Board's website following the Audit & Risk Committee meeting [www.nhslothian.scot.nhs.uk](http://www.nhslothian.scot.nhs.uk) / [Our Organisation / Key Documents / Audits](#)
- ✓ Once the reports have been placed on the website, the NHS Lothian Chief Internal Auditor shall email the IJB Chief Internal Auditors to make them aware of this. This email will include reference to those reports relevant to the IJB for the Chief Internal Auditor to consider for referral.
- ✓ On a quarterly basis NHS Lothian Internal Audit present a follow up on outstanding actions to the ARC meeting. This will be shared with the IJB Chief Internal Auditors once presented to Committee.
- ✓ The IJB Audit & Risk Committees shall refer any relevant IJB internal audit reports to the Lothian NHS Board Audit & Risk Committee and reflect that referral in their minutes. The IJB Chief Internal Auditor shall liaise with the Chief Internal Auditor of NHS Lothian to share the reports.

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**PRINCIPLE 4: NHS Lothian and the respective Council's will work together to support the IJB Internal Audit plans.**

How will this work in practice?

- ✓ The IJB Chief Internal Auditors and the NHS Lothian Chief Internal Auditor will routinely during the year to share intelligence including work programmes. Both parties will aim to avoid duplication in internal audit resources. To support the IJB Internal Audit plan delivery NHS Lothian Internal Audit will provide an internal audit team member to the Chief Internal Auditors of the IJB. This will be for an agreed period of time, at a time that works for both parties.
- ✓ The NHS Lothian Internal Audit team member will be the responsibility of the Chief Internal Auditor for the IJB who will scope, direct, and review the work of the auditor. The report will be the responsibility of the IJB Chief Internal Auditor who will report the work to the IJB Audit and Risk Committee.
- ✓ The sharing of internal audit resource will be referenced in the NHS Lothian plan, but this will not form the NHS Lothian Internal Audit plan and will not be considered within the NHS Lothian annual internal audit opinion.