

MINUTE of MEETING of the WEST LOTHIAN INTEGRATION JOINT BOARD AUDIT RISK AND GOVERNANCE COMMITTEE held within CONFERENCE ROOM 3, WEST LOTHIAN CIVIC CENTRE, HOWDEN SOUTH ROAD, LIVINGSTON, on 31 MARCH 2017.

Present

Voting Members – Martin Hill (Chair), Anne McMillan and Lynsay Williams (by conference call)

Non-Voting Members – Jane Houston

Apologies – John McGinty and Martin Murray

In attendance – Jim Forrest (Director), Kenneth Ribbons (WL IJB Internal Auditor), Colin Carmichael (Auditor), John Boyd (EY)

Apologies – Patrick Welsh (Chief Finance Officer, WL IJB) and Marion Barton (Head of Health Services)

1. DECLARATIONS OF INTEREST

No declarations of interest were made.

2. MINUTE

The Committee agreed the minute of the meeting held on 6 January 2017 as being a correct record. The Chair thereafter signed the minute.

3. INTERNAL AUDIT PLAN 2017/18

The Committee considered a report (copies of which had been circulated) by the Internal Auditor.

The report explained that the Public Sector Internal Audit Standards (PSIAS) required that a risk based audit plan be prepared. The internal audit plan for 2017/18 set out the planned internal audit work for the year to 31 March 2018, a copy of which was attached as an appendix to the report.

The purpose of the internal audit plan was to audit the Integration Joint Board's processes and ensure that effective controls were in place to mitigate risks identified. The PSIAS requires that a risk based audit plan be prepared for a period of no longer than one year to ensure that the effectiveness of control over key risks was systematically reviewed. The Committee noted that separate internal audit arrangements were in place relating to the operational arrangements within the council and health sides.

The Internal Auditor advised that Falkirk Internal Audit Service would be invited to conduct an audit of West Lothian IJB's risk management arrangements to ensure an independent audit was carried out, which would be reciprocated by West Lothian Council's internal audit team undertaking an audit of Falkirk Council's risk management arrangements.

The report went on to advise that NHS Lothian Chief Internal Auditor has intimated that thirty days would be set aside within the NHS Lothian internal audit plan to enable each IJB to commission work on NHS systems. Further discussions would be required by Lothian IJB Internal Auditors to determine whether there would be merit in commissioning an audit topic jointly. A meeting with NHS Lothian and IJB Internal Auditors was scheduled to be held on 10 May 2017, the outcome of which would be reported to a future meeting of the Audit, Risk and Governance Committee.

In response to a question raised relating to communication between IJB Internal Auditors, the Internal Auditor confirmed that there was ongoing communication and quarterly meetings held.

It was recommended that the Committee approves the 2017/18 internal audit plan.

Decision

To approve the terms of the report.

4. EXTERNAL AUDIT PLAN 2016/17

The Committee considered a report (copies of which had been circulated) by the Chief Finance Officer providing details of the external auditor's 2016/17 annual audit plan.

The report recalled that in May 2016, the Accounts Commission appointed Ernst and Young (EY) as the IJB's external auditor for the five year period to 2020/21. EY's annual plan, which was attached as an appendix to the report, outlined the work they proposed to undertake in relation to the 2016/17 audit.

The Senior Manager from Ernst & Young, John Boyd, then provided the Committee with an overview of the key areas set out in the EY Annual Audit Plan. Appendices to the plan set out audit independence and objectivity requirements and communications that would be provided to the IJB.

Section 6 of the plan set out EY's audit team, timeline and deliverables. The auditors aimed to certify the annual accounts by 30 September 2017. In terms of the audit fee, it was noted that due to this being the first year of operation of the IJB, no expected fee had been set centrally. The fee would be agreed with the Chief Officers on completion of the audit planning and understanding of the year-end audit requirements, which would be reported to a future meeting of WL IJB Audit Risk and

Governance Committee.

It was recommended that the Committee notes the external auditor's 2016/17 annual audit plan.

Decision

To note the contents of the report subject to noting that the audit fee setting process had still to be completed, which would be reported to a future meeting of WL IJB Audit Risk and Governance Committee when the fee level had been agreed.

5. INTERNAL AUDIT OF STRATEGIC PLANNING

The Committee considered a report (copies of which had been circulated) by the Internal Auditor providing details of the internal audit report and its findings.

The report explained that in accordance with the internal audit plan for 2016/17 an audit of IJB strategic planning was carried out. The objectives of the audit were to undertake a high level review of the processes for preparing and approving the IJB Strategic Plan and monitoring progress. The Internal Audit Report was attached as an appendix to the report, which included the agreed management action plan.

It was recommended that the Committee considers the internal audit report and its findings and notes that control was considered to be effective.

Decision

To note the contents and findings of the report.

6. RISK MANAGEMENT

The Committee considered a report (copies of which had been circulated) by the Director providing details of the IJB risk register.

The report explained that in accordance with the Risk Management Strategy approved by the West Lothian Integration Joint Board on 14 March 2017, the Audit, Risk and Governance Committee was required to review the risk register at least twice per annum. Appendix one to the report set out the risk description for each risk, current controls, original risk, current risk, target risk and associated risk actions. Appendix two summarised the progress made in relation to the risk actions. The standard risk assessment methodology was attached at appendix three to the report.

The Internal Auditor then responded to questions from members of the Committee. In response to a question about risk ranking he confirmed that if any high risks were identified they would be reported to the Audit Risk and Governance Committee sooner if deemed necessary. He also

confirmed that the IJB Senior Management Team met every two months and would assess whether the risk assessment was accurate.

The Chair, on behalf of the Committee, acknowledged the comprehensive information contained in the appendices to the report and agreed that this reporting format be used in future risk management reports, subject to removing the directional arrow within the linked risk actions. It was also suggested that details of the actions previously reported be included to allow comparison to be given relating to the actions taken to reduce the risk.

It was recommended that the Committee considered the risks identified, the control measures in place and the risk actions in progress to mitigate their impact.

Decision

1. To note the contents of the report;
2. To note that reports would be submitted for consideration by the IJB Audit Risk and Governance Committee twice per annum in the format agreed;
3. To note that any high risks identified would be reported to the IJB Audit Risk and Governance Committee sooner if deemed necessary.

7. WORKPLAN

The Committee noted the contents of the workplan (copies of which had been circulated).

The workplan was agreed, subject to including the following items:

- Risk Management reports to be reported every six months, included on the workplan for consideration at the meeting on 27 September 2017, subject to any high risks being reported sooner if deemed necessary;
- External Audit Report to be included on the workplan for consideration at the meeting on 27 September 2017. It was noted that the date of this meeting may require to be rescheduled depending on the timings of the report being submitted;

It was noted that the workplan would continue to be populated and any updates emailed to E. Dow.

It was also agreed that future meetings be held at West Lothian Civic Centre subject to Conference Room 3 being available, to be confirmed by E. Dow.

Decision

1. To agree the workplan subject to including the Risk Management

Report and the External Audit Report for consideration on 27 September 2017; and

2. To agree that future meetings be held at West Lothian Civic Centre subject to CR3 being available.