

MINUTE of MEETING of the WEST Lothian INTEGRATION JOINT BOARD AUDIT RISK AND GOVERNANCE COMMITTEE held within STRATHBROCK PARTNERSHIP CENTRE, 189(A) WEST MAIN STREET, BROXBURN EH52 5LH, on 24 JUNE 2016.

Present

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

Non-Voting Member – Martin Murray (Staff Representative WLC).

Apologies – Danny Logue (Voting Member) and Jane Houston (Non-Voting Member, Staff Representative NHS Lothian)

In attendance – Jim Forrest (Director, West Lothian Council), Kenneth Ribbons (Audit, Risk and Counter Fraud Manager, WLC), Patrick Welsh (Chief Finance Officer, West Lothian Integration Joint Board), James Millar (Governance Manager, West Lothian Council).

CHAIR'S OPENING REMARKS

The Chair welcomed those present to the first meeting of West Lothian Integration Joint Board Audit Risk and Governance Committee. He informed the committee that Lynsay Williams, who replaced Julie McDowell as the NHS voting member, was participating in the meeting by remote access.

1. DECLARATIONS OF INTEREST

No declarations of interest were made.

2. CONSIDERATION OF 2015/16 ANNUAL ACCOUNTS (UNAUDITED)

A report had been circulated by the Chief Finance Officer providing details of the unaudited 2015/16 Annual Accounts of the Integration Joint Board (IJB), a copy of which was attached as an appendix to the report.

The report highlighted that the Public Bodies (Joint Working) (Scotland) Act 2014 specified that IJBs should be treated as if they were bodies falling within Section 106 of the Local Government (Scotland) Act 1973. This required annual accounts to be prepared with the reporting requirements specified in the relevant legislation and regulations (Section 12 of the Local Government Scotland Act 2003 and regulations under section 105 of the Local Government (Scotland) Act 1973). The unaudited annual accounts were required to be submitted to the appointed auditor no later than 30 June each year.

The Chief Finance Officer advised that the Annual Accounts outlined the IJBs financial position to the end of March 2016 taking into account the date of establishment of 21 September 2015. The accounts also included

a management commentary setting out the purpose and strategic aims of the IJB and the Annual Governance statement previously approved by the Board. The Chief Finance Officer stated that once the accounts had been audited by Audit Scotland they would be forwarded to the next meeting of the IJB Audit Risk and Governance Committee for approval and to the IJB for information.

It was recommended that the committee considers the 2015/16 Annual Accounts prior to submission to Audit Scotland for audit.

### Decision

Agreed that the 2015/16 unaudited Annual Accounts be submitted to Audit Scotland for audit.

## 3. RISK MANAGEMENT PRESENTATION

The committee noted a presentation by the Audit, Risk and Counter Fraud Manager, which provided details of the approach being taken to risk management by the Integration Joint Board.

The committee was advised that risk was defined as an effect of uncertainty on an organisations ability to achieve its corporate objectives. NHS Lothian and West Lothian Council maintained separate risk registers recording operational risks while the IJB maintains a risk register covering strategic risks to the IJB's objectives. Risks were scored for a combination of likelihood and impact using a five by five risk matrix. The higher the score, the higher the assessed risk and the greater potential impact on IJB objectives.

Nine risks were identified in total covering areas such as funding, governance arrangements, clinical care and performance management. The IJB risk management strategy was being developed which would comprise of risk management policies and procedures for the management of risk.

Following the conclusion of the presentation the committee noted the report by the Director (copies of which had been circulated).

The Audit, Risk and Counter Fraud Manager then responded to questions from members of the committee. In response to a question about who determined the risks and risk appetite the Audit, Risk and Counter Fraud Manager advised that operational risks were separately recorded in the risk registers of both West Lothian Council and NHS Lothian and scrutinised by each organisation. The IJB Audit Risk and Governance Committee's approach to risk management was to scrutinise policies and procedures and strategic risks identified which could impact on the IJB objectives as well as review reports of operational risks to ensure that effective risk management arrangements were in place to mitigate their impact. The committee recommended that further clarity should be provided in the IJB Risk Management Policy about who should determine the risks and risk appetite. The committee also recommended that

timescales to manage any risks identified should also be included in the IJB risk control measures.

The committee was asked to note the progress on risk management as set out in the report and consider the risks identified and the control measures in place to mitigate their impact.

#### Decision

1. Noted the presentation and terms of the report;
2. Noted the recommendation that clarity about who should determine the risks should be included in the IJB Risk Management Policy; and
3. Noted the recommendation that timescales should be included in the IJB risk control measures.

#### 4. RISK MANAGEMENT

The committee considered a report (copies of which had been circulated) by the Director providing details of the approach being taken to the management of risk and provided information relating to the risks identified.

The report advised that the objective of risk management was to ensure that risks were properly identified, assessed and managed. The Integration Scheme between West Lothian Council and NHS Lothian requires the IJB to operate a risk management strategy to comprise of relevant policies and procedures for the management of risk. The IJB Risk Management Policy was being developed and it was proposed that this would be submitted to a future meeting of the IJB for approval.

All of the risks have been scored for likelihood and impact using a five by five risk matrix. These two ratings were multiplied together to provide a risk score with scores ranging from between 1 and 25. The higher the score the higher the assessed risk and therefore the greater potential impact on IJB objectives.

In response to a question raised about the risk scores, the committee was advised that traffic light icons were also used to clearly identify outcomes. The committee recommended that it would be useful if more information was provided, possibly by routine reports, when medium to high risks were identified to allow better scrutiny to be carried out. The format of the risks with internal controls summary should also include a column to outline the action taken and timescales involved to manage the risks identified.

It was recommended that the committee note the progress on risk management as set out in the report and consider the risks identified and the control measures in place to mitigate their impact.

#### Decision

1. Noted the terms of the report;
2. Noted the recommendation that additional information be provided when medium to high risks were identified; and
3. Noted the recommendation that a column be added to the risks and internal controls summary to outline the action taken and timescales involved to manage identified risks.

5. INTERNAL AUDIT PLAN 2016/17

The committee considered a report (copies of which had been circulated) by the Internal Auditor providing details of the internal audit plan for 2016/17 which set out the planned internal audit work for the year to 31 March 2017, details of which was attached as an appendix to the report.

The Internal Auditor advised that the Public Sector Internal Audit Standards (PSIAS) requires that a risk based audit plan be prepared. The purpose of the audit plan was to audit the Integration Joint Board's processes and ensure that effective controls were in place to mitigate the risks identified. It was noted that separate internal audit arrangements were in place in relation to the council and health sides.

During the course of the discussion it was recommended that a workplan be included on future agendas to provide an indication of the timetable of reports being scheduled.

It was recommended that the committee approve the 2016/17 internal audit plan.

Decision

1. Approved the terms of the report; and
2. Noted the recommendation that a workplan be submitted to future meetings.

6. SCHEDULE OF FUTURE MEETINGS

The committee considered a report (copies of which had been circulated) by the Chief Finance Officer providing details of the proposed schedule of further meetings for the remainder of the financial year.

The report advised that meeting dates for the Audit Risk and Governance Committee have been set until 23 September 2016. As part of the remit the committee was required to meet at least four times in each financial year. To ensure compliance with the approved remit and provide committee members with as much notice as possible it was proposed that the following meeting dates be agreed by the committee:

- Friday 6 January 2017 at 10.00 a.m. and

- Friday 31 March 2017 at 10.00 a.m.

The Chair highlighted that Strathbrock Partnership Centre was not suitably equipped for using remote access facilities. The committee also noted that Friday was not a suitable day for all members to attend. It was recommended that further investigation would be carried out into the use of remote access equipment at Strathbrock Partnership Centre and if not available an alternative venue be considered. It was also recommended that an alternative day to hold the meeting be investigated.

It was recommended that the committee agree the proposed schedule of meetings.

#### Decision

1. Agreed the proposed scheduled of meetings;
2. Agreed that the use of remote access facilities be investigated at Strathbrock Partnership Centre or consideration be given to an alternative venue for the meetings; and
3. Agreed that an alternative day to a Friday to hold the meetings be explored.