

**APPENDIX 1**

**SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD  
IJB AUDIT COMMITTEE  
ANNUAL REPORT FROM THE CHAIR – 2018/19**

This annual report has been prepared to inform the Scottish Borders Health and Social Care Integration Joint Board of the work carried out by its Audit Committee during the financial year. The content and presentation of this report meets the requirements of the CIPFA ‘Audit Committees’ Guidance to report to the full Board on a regular basis on the Committee’s performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose.

**Meetings**

The IJB Audit Committee has met 4 times during the financial year on 25 June, 17 September, 17 December 2018, and 12 February 2019 to consider reports pertinent to the audit cycle and its terms of reference.

The remit of the IJB Audit Committee is to have high level oversight of the IJB’s framework of internal financial control, corporate governance, risk management systems and associated internal control environment. To fulfil this remit, it sought assurance on the adequacy and effectiveness of IJB’s systems of corporate governance and internal control for efficient operations and for the highest standards of probity and public accountability. It did this through material it received from Internal Audit (provided by SBC’s Internal Audit team), External Audit (delivered by Audit Scotland), other external scrutiny and inspection agencies, and assurances from Management.

The Committee scrutinised the IJB’s Statement of Accounts at appropriate times in accordance with its Terms of Reference, which also includes promotion of the highest standards of conduct and professional behaviour.

The Minutes of IJB Audit Committee meetings were presented for approval by the IJB, and the Committee referred items to the IJB in accordance with its remit.

**Membership**

The Membership of the IJB Audit Committee is set out within its Terms of Reference, namely “at least four voting members of the IJB”. This structure, which is based on legislative requirements, does not meet with principles of good practice within CIPFA ‘Audit Committees’ Guidance. One additional member was appointed from an external source as a non-voting member in October 2018 to enhance the independence of the IJB Audit Committee’s role in the scrutiny process.

The Committee membership during the year was Councillor T Weatherston (Chair), Councillor J Greenwell, Mr J Raine, Mr M Dickson, and Mr A Clark (external member from October 2018).

The attendance by each member at the Committee meetings throughout the year was as follows:

<b>Member</b>	<b>Meeting of 25 June 2018</b>	<b>Meeting of 17 September 2018</b>	<b>Meeting of 17 December 2018</b>	<b>Meeting of 12 February 2019</b>
<b>Cllr T Weatherston (Chair)</b>	Present	Present	Present	Present
<b>Cllr J Greenwell</b>	Present	Present	Apologies	Present
<b>Mr J Raine</b>	Present	Apologies	Apologies	Apologies
<b>Mr M Dickson</b>	Present	Present	Present	Present
<b>Mr A Clark (external)</b>	n/a	n/a	Present	Present

Each IJB Audit Committee meeting in 2018/19 was quorate (i.e. at least three Members present).

All others who attended the meetings are recognised as being “in attendance” only. The Chief Officer, Chief Financial Officer, Chief Internal Auditor, External Auditors, and the Secretary (provided by NHS Borders) attend Committee meetings to support the Committee. It was noted that the Chief Officer attended only one meeting and the Chief Financial Officer was not present at one meeting.

### **Skills and Knowledge**

Given the wider corporate governance remit of IJB Audit Committees and the topics now covered by the external and internal audit functions, it is noteworthy that there is a range of skills, knowledge and experience that IJB Audit Committee members bring to the committee, not limited to financial and business management. This enhances the quality of scrutiny and discussion of reports at the meetings. No one committee member would be expected to be expert in all areas.

### **Self-Assessment of the Committee**

The annual self-assessment was carried out by members of the IJB Audit Committee on 12 February 2019 during an Informal Session facilitated by the IJB Chief Internal Auditor using the ‘Good Practice Principles Checklist’ and ‘Evaluation of Effectiveness Toolkit’ from the CIPFA ‘Audit Committees’ Guidance. This was useful for Members to ensure the Committee can demonstrate its effectiveness as a scrutiny body as a foundation for sound corporate governance for the IJB.

The outcome of the self-assessments for the Committee was a high degree of performance against the good practice principles and a medium degree of effectiveness; the latter in recognition of the maturity of the IJB Audit Committee and health and social care integration. The following improvements have been identified: utilise the Knowledge and Skills Framework to inform future learning and development needs of IJB Audit Committee members; and obtain feedback on its performance from a range of attendees who interact with the Committee.

### **Assurance Statement to the Council**

The IJB Audit Committee provides the following assurance to the Integration Joint Board:

- The IJB has received the Minutes of the IJB Audit Committee meetings throughout the year.
- The IJB Audit Committee has operated in accordance with its agreed terms of reference, and accordingly with the audit committee principles in CIPFA Position Statement.
- It did this through material it received from Internal Audit, External Audit, other audit and inspection bodies, and assurance from Management. It focussed entirely on matters of risk management, internal control and governance.
- For all audit reports, the IJB Audit Committee considered whether it was satisfied that an adequate Management response was in place to ensure action would be taken to manage risk and address concerns on internal controls and governance arrangements.
- The IJB Audit Committee has reflected on its performance during the year in respect of its Audit functions, and has identified areas for improvements.

The IJB Audit Committee has recommended that the IJB Full Board reviews the IJB Strategic Risk Register on a six monthly basis to enhance risk management arrangements. Furthermore the Chief Officer and the Chief Financial Officer are requested to attend all IJB Audit Committee meetings.

## **Recommendations of the Terms of Reference for the IJB Audit Committee for the coming year**

During the year one additional member was appointed from an external source as a non-voting member to the IJB Audit Committee, following an open recruitment and selection process approved by the IJB, to enhance the robustness and independence of its role in the scrutiny process of internal controls and governance. It is therefore proposed that this change, i.e. one additional member from an external source, be reflected in the Constitution within the Terms of Reference for the IJB Audit Committee.

Furthermore, to emphasise its important scrutiny role of the accounts set out in function no.5, change “Consider” to “Review” within the Terms of Reference for the IJB Audit Committee.

Councillor Tom Weatherston  
Chair of IJB Audit Committee  
May 2019