



# Western Isles Integration Joint Board

Internal Audit Report 2023/24

Corporate Governance

April 2024



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## Internal Audit Report 2023/24

### Corporate Governance

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Audit Sponsor	Key Contacts	Audit team
Nick Fayers, Chief Officer	Michelle McPhail, NHS Western Isles Corporate Business Manager	Elizabeth Young, Partner Stephanie Hume, Audit Manager Casey Coelho, Internal Auditor

# Executive Summary

## Conclusion

**Western Isles Integration Joint Board has well designed processes in place that support effective corporate governance. The Board's terms of reference is up to date and clearly defines the Board's roles and responsibilities. We also found there to be an effective reporting framework in place between the Board and Audit and Risk Committee. We confirmed the Board and Audit and Risk Committee also undertake a high-level self-evaluation after each meeting.**

**We have identified a small number of improvement areas that would strengthen the current controls in place. These include ensuring Board members are provided with sufficient time to review reports prior to meetings, which may include considering increasing the length of time between reports being issued and meetings and the Board and Audit and Risk Committee undertaking an annual self-assessment of performance.**

## Background and scope

Corporate Governance is concerned with the structures and processes for decision making and accountability, controls and behaviour at the top of organisations. Corporate Governance is the process and structures implemented by the Board to inform, direct, manage and monitor the activities of the organisation towards the achievement of its objectives.

In the UK, best practice on corporate governance is articulated within the UK Corporate Governance Code, which although designed primarily for private companies have relevance to the public sector. Public bodies however have a number of additional areas to consider including:

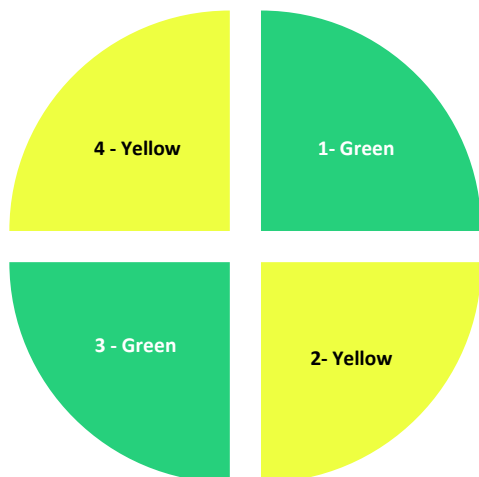
- The higher level of accountability associated with spending public monies.
- Greater sensitivity and public interest over conduct, and the handling of any issues; and
- The need to ensure alignment with the Scottish Government's policy decisions.

Good governance should be demonstrated through a clear commitment to effective public performance reporting on the quality of the services being delivered and future service delivery.

It is important that structures are robust to ensure strategic and operational activities are subject to appropriate scrutiny and to facilitate effective, timely decision-making across the organisation.

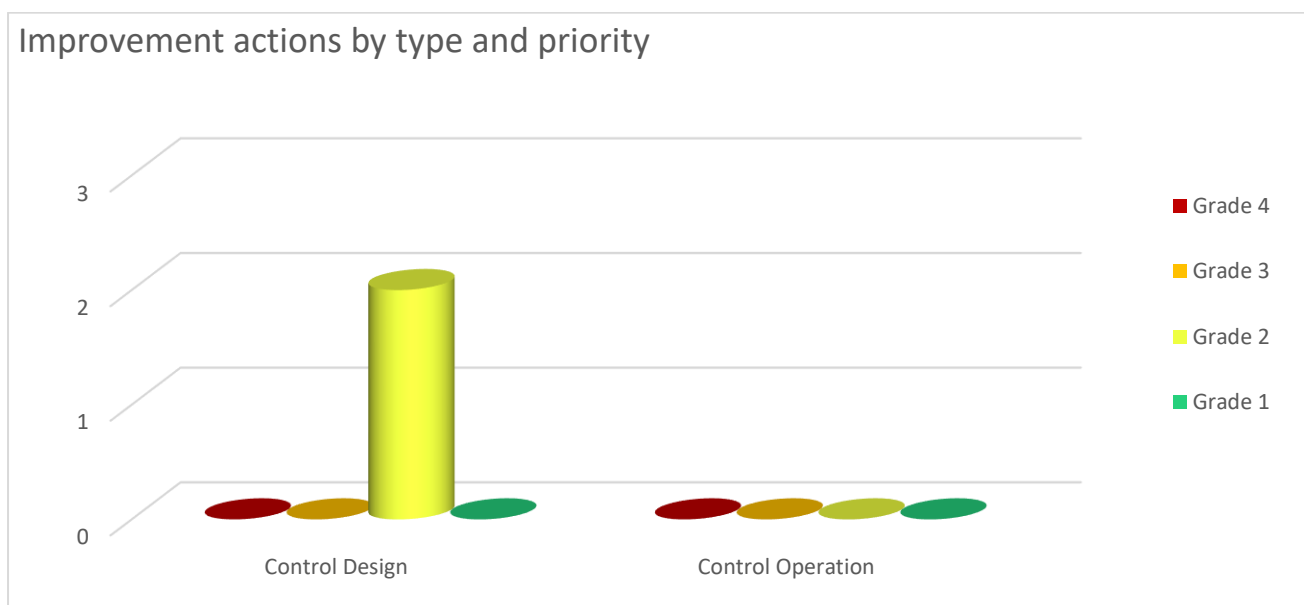
In accordance with 2023/24 Internal Audit Plan we reviewed the corporate governance arrangements in place to ensure information is being presented, reviewed and challenged by the Board and governance committees.

## Control assessment



- 1. The roles and responsibilities of the Board and its governance committees are clearly defined and supported through documented policies and procedures (e.g. Terms of Reference, Scheme of Delegation), which are subject to regular review.
- 2. There is an effective reporting framework between governance committees and the Board.
- 3. The roles and responsibilities of Board members (both executive and non-executive) have been clearly defined and communicated, with the organisation supporting staff and committee members to be effective in their role.
- 4. The Board completes a formal evaluation of its own performance, and that of its Committees.

## Improvement actions by type and priority



Two improvement actions have been identified from this review, both of which relate to the design of the controls in place. See Appendix A for definitions of colour coding.

# Key findings

## Good practice

- The roles and responsibilities of Board members, both executive and non-executive, are clearly outlined within the Integration Scheme, Code of Conduct and the Scheme of Delegation to Officers.
- We found the reporting framework between the Board and Audit and Risk Committee to be effective, with the Audit and Risk Committee Chair providing an update at each Board meeting of the Committee's activities.
- We confirm the agenda items of both the Audit and Risk Committee and Board are in line with the respective Terms of Reference.

## Areas for improvement

We have identified a number of areas for improvement which, if addressed, would strengthen the control framework. These include:

- Ensuring that Board members are provided with sufficient time to review reports prior to board meetings.
- Board members completing an annual Board self-assessment which is utilised to identify and address any issues raised.

These are further discussed in the Management Action Plan below.

## Impact on risk register

This review is linked to all risks on the Western Isles Integration Joint Board Strategic Risk Register.

Our audit findings confirm that Western Isles Integration Joint Board has clear corporate governance arrangements in place as such we have not identified any significant weaknesses which would warrant changes to any of the risks on the Strategic Risk Register.

## Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

# Management Action Plan

Control Objective 1: The roles and responsibilities of the Board and its governance committees are clearly defined and supported through documented policies and procedures (e.g. Terms of Reference, Scheme of Delegation), which are subject to regular review.



## **No reportable weaknesses identified**

We confirmed a full review of the Integration Scheme was undertaken by management over the course of 2023/24 and an updated Integration Scheme was presented to the Integration Joint Board on 18<sup>th</sup> April for approval having previously been presented for review at the Integrated Corporate Management Team meeting on 4<sup>th</sup> April 2024. Management confirmed no significant amendments were made to the already established Integration Scheme in place.

## Control Objective 2: There is an effective reporting framework between governance committees and the Board.

Yellow

### 2.1 Board reporting

We interviewed a sample of three Board members to ascertain whether they consider the Board reports to be clear, have sufficient information included and that they are given sufficient time to review the papers prior to meetings. Feedback provided included:

- All felt the reports provided contained sufficient information to provide the assurance they required.
- They felt they are not always given sufficient time to review all papers in full prior to the meetings, in particular when the agenda is quite full.
- One Board member noted they would welcome a review of how the number of reports for review could be reduced.
- There are in some cases instances where papers are issued late resulting in further issues reviewing all the papers in detail.

#### Risk

There is a risk that board members are not given sufficient time to go over all the board information prior to the meeting, as a result members are potentially not obtaining the full level of assurance required impacting their ability to fully challenge and scrutinise the activities being undertaken to deliver the strategic objectives.

#### Recommendation

We recommend that management ensure that Board members are given sufficient time to review reports prior to board meetings. This may include increasing the amount of time between papers being issued and the meeting dates.

#### Management Action

Grade 2  
(Design)

To ensure that lead officers are sighted on the schedule of meetings for the year and that a clear (mutually agreed) workplan is developed for the financial year. Clear agreement re supporting resource to enable the production of reports will enable timely review ahead of Board meetings.

**Action owner:** Board Secretary

**Due date:** 31 July 2024

Control Objective 3: The roles and responsibilities of Board members (both executive and non-executive) have been clearly defined and communicated, with the organisation supporting staff and committee members to be effective in their role.



Green

### **No weaknesses identified**

The roles of board members, both executive and non-executive, are clearly defined and documented within the Integration Scheme, Scheme of Delegation and Code of Conduct for Western Isles Integration Joint Board. In addition we also confirmed members have been provided with the Scottish Government '*Roles, Responsibilities and Membership of the Integration Joint Board*' guidance.

These documents outline Board members roles and responsibilities covering areas such as:

- Board Governance.
- Strategic Planning and Performance Management.
- Financial Management and Reporting.
- Information Sharing and Confidentiality.
- Risk Management.
- Expected Behaviours.

We confirmed the core Western Isles Integration Joint Board documents are readily available to all members as they can all be found within the Integration Joint Board teams channel on Microsoft teams. In addition the Integration Scheme has been published on the Integration Joint Board website.



# Control Objective 4: The Board completes a formal evaluation of its own performance, and that of its Committees.

Yellow

## 4.1 Board Self Evaluation

We confirmed the Board and Audit and Risk Committee undertake a high-level self-evaluation at the end of every meeting, with members asked a set of questions that include:

- Were you satisfied that the agenda items presented covered the current significant areas?
- Was there sufficient time to review the papers between receipt and the meeting?
- Was there sufficient time allocated to all agenda items?
- Were you able to contribute to the discussions and have your views considered?
- Did you consider that the Board/Committee discharged its duty in respect of:
  - Proper scrutiny
  - Relevant questioning
  - Constructive challenging

A review of a sample of Board minutes ascertained that members felt the Board was running well with no major issues to highlight. However, we identified during our interviews with a sample of Board members that they had issues with the amount of time members are provided with to review the Board papers before meetings and that the level of detail could be condensed (as per MAP 2.1). This suggests that the current self-evaluation process may not be highlighting issues identified by Board members.

### Risk

There is a risk that the board carries out inaccurate self-evaluation, resulting in poor performance and development needs are not being addressed, leading to non-achievement of objectives.

### Recommendation

We recommend the Board and Audit and Risk Committee complete an annual self-assessment checklist which is utilised to identify and address any issues raised. Best practice guidance is available concerning the content of self-assessments. The results of the exercise should then be collated and used to agree actions to address any identified issues.

### Management Action

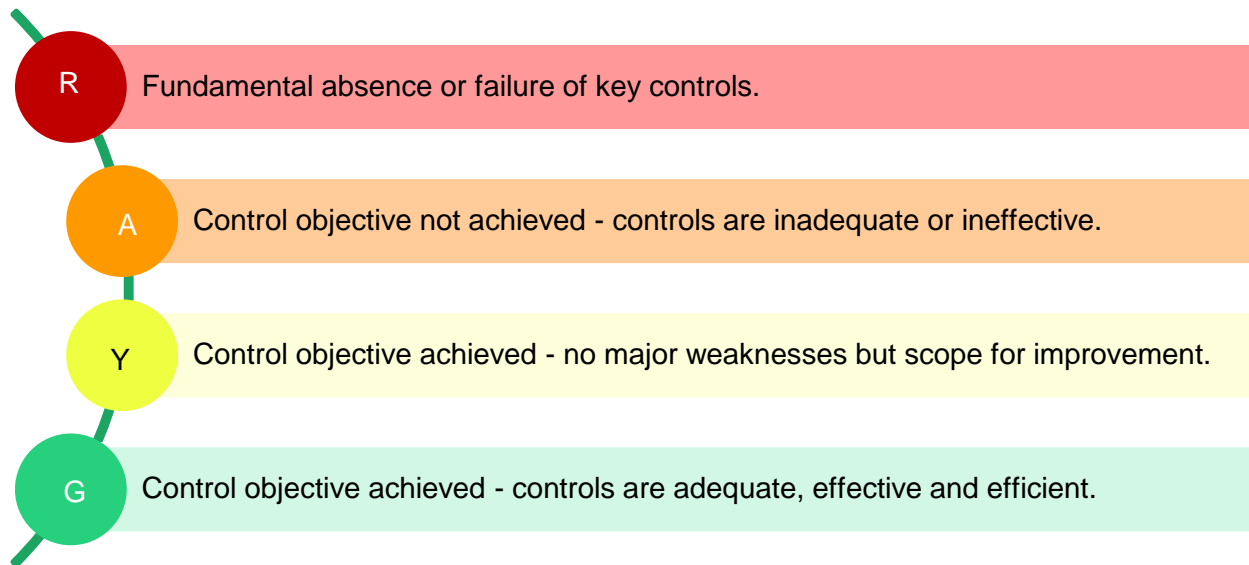
The Board and Audit and Risk Committee to timetable an annual self-assessment through the annual cycle of meetings utilising best practice to develop a self-assessment tool. Upon completion the Audit and Risk committee to consider and agree remedial actions required

**Action owner:** Board Chair and Chair Audit and Risk Committee

**Due date:** September 30<sup>th</sup> 2024

# Appendix A – Definitions

## Control assessments



## Management action grades

4	•Very high risk exposure - major concerns requiring immediate senior attention that create fundamental risks within the organisation.
3	•High risk exposure - absence / failure of key controls that create significant risks within the organisation.
2	•Moderate risk exposure - controls are not working effectively and efficiently and may create moderate risks within the organisation.
1	•Limited risk exposure - controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues.

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