



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 24 APRIL 2019

CIPFA - SELF ASSESSMENT OF GOOD PRACTICE FOR AUDIT COMMITTEES

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

To brief the Audit Committee regarding the status of the output of a self-assessment of the IJB's Audit Committee linked to CIPFA's "Audit Committees: Practical Guidance for Local Authorities and Police" (2018).

1. RECOMMENDATIONS

It is recommended that the Integration Joint Board Audit Committee:-

- (i) note the completion of the draft CIPFA "Self-Assessment of Good Practice" for Audit Committees and ratify this;
- (ii) note the main areas recommended for improvement including reviewing the Audit Committee's Terms of Reference and constitution; and
- (iii) notes that other aspects of assessment as described in CIPFA's "Audit Committees: Practical Guidance for Local Authorities and Police" will be considered at the IJB's Audit Committee Development session in 2019.

2. BACKGROUND

2.1 In October 2018, the Audit Committee's Development session considered documentation associated with a recent CIPFA publication re Audit Committees. That report included 3 assessments to assist an organisation or Audit Committee to make judgements about an Audit Committee's skills and performance.

The 3 assessments included:-

1. "Audit Committee Members – Knowledge and Skills Framework"
2. "Self-Assessment of Good Practice"
3. "Evaluating the Effectiveness of the Audit Committee".

During the development session, it was acknowledged that due to capacity constraints and overlaps with other assessments it was only practical to consider some of the above. After consideration of each of the assessments, it is felt that (1) and (3) would lend themselves to being considered in more detail at the 2019 Audit Committee Development Session. However (2) above, "Self-Assessment of Good Practice", can be completed now to give some re-assurance as to the performance of the Audit Committee in advance of any year end reviews.

- 2.2 The "Self-Assessment" was initially compiled, after a limited consultation, by the Chief Finance Officer and now is being shared, at Appendix 1, with IJB Audit Committee members and, simultaneously, the Chair and Vice Chair of the IJB with the intention of refining the group's overall assessment of its performance.

It can be seen that while the IJB largely assesses its Audit Committees as meeting many of the requirements, there are some shortcomings. The self-assessment does highlight the following:-

1. The need to review the IJB's Audit Committee constitution / Terms of References on a regular (e.g. annual basis), including reviewing the breadth of the role of the Audit Committee.
2. The need to review the knowledge and skills of Audit Committee members and the option to include Independent members.
3. The option to invite officers or other interested parties with a particular interest /involvement in any Audit Committee business to Audit Committees to participate in discussion. This will be taken forward immediately where practical.
4. The IJB as a whole should consider how it receives feedback from partnerships it is involved in (e.g. Alcohol and Drugs Partnership, Suicide Prevention Collaborative).
5. Reflecting levels of Audit Committee membership turnover, the need to augment annual development sessions with additional training resources to assist new members.
6. A number of other potential areas of improvement.

While points 1-5 above are clearly instances where improvements could be made, there are other issues that the IJB's Audit Committee could improve on (e.g. "Has the committee evaluated whether and how it is adding value to the organisation?"), however it is important to keep in mind the scale of the IJB, the IJB's infrastructure and the frequency with which the Audit Committee meets and the current remit of the Audit Committee. Taking these into account, it is suggested that points 1-5 above are the main areas for improvement that can be readily actioned based on the outcomes of this self-assessment.

- 2.3 It should be noted that the assessments not covered at Appendix 1, should be considered as part of the IJB's 2019 Audit Committee Development session.

3.0 CONCLUSIONS

The Audit Committee is requested to ratify the outcomes of the self-assessment included at Appendix 1, to note the main actions that can be deemed to fall out of this as listed at 2.2 and to recommend that these are taken forward.

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List of Appendices:-

Appendix 1 – Self assessment of Good Practice

Self-assessment of good practice

This Appendix provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and this publication. Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

Good practice questions		Yes	Partly	No	Comment / Evidence
Audit committee purpose and governance					
1	Does the authority have a dedicated audit committee?	✓			https://www.angus.gov.uk/social_care_and_health/angus_health_and_social_care_partnership/integration_joint_board_agendas
2	Does the audit committee report directly to full council? (applicable to local government only)	✓			To IJB Board.
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?			✓	The Audit Committee Terms of Reference were written in 2016 and need revised.
4	Is the role and purpose of the audit committee understood and accepted across the authority?	✓			The Audit Committee currently fulfils a limited remit that is clearly discrete from other remits within IJB.
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	✓			See references in Annual Accounts.

Good practice questions		Yes	Partly	No	Comment / Evidence
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓			As far as the IJB can ascertain.
Functions of the committee					
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			✓	The Audit Committee Terms of Reference were written in 2016 and need revised.
	• good governance			✓	The Audit Committee Terms of Reference were written in 2016 and need revised.
	• assurance framework, including partnerships and collaboration arrangements			✓	The Audit Committee Terms of Reference were written in 2016 and need reviewed regularly (e.g. annual basis) and revised. A future revision to Terms of Reference should consider feedback from partnerships the IJB is involved in (e.g. Alcohol and Drugs Partnership, Suicide Prevention Collaborative), or alternatively this could be considered elsewhere within the IJB.
	• internal audit			✓	The Audit Committee Terms of Reference were written in 2016 and need revised.
	• external audit			✓	The Audit Committee Terms of Reference were written in 2016 and need revised.
	• financial reporting			✓	The Audit Committee Terms of Reference were written in 2016 and need revised. However financial reporting currently channelled through main IJB.
	• risk management			✓	The Audit Committee Terms of Reference were written in 2016 and need revised.
	• value for money or best value			✓	The Audit Committee Terms of Reference were written in 2016 and need revised.
	• counter fraud and corruption			✓	The Audit Committee Terms of Reference were written in 2016 and need revised.
	• supporting the ethical framework			✓	The Audit Committee Terms of Reference were written in 2016 and need revised.
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?			✓	No, this could be considered in development sessions making this an annual commitment potentially based on methodologies used by Partners. .

Good practice questions		Yes	Partly	No	Comment / Evidence
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?		✓		Broadening the remit of the Audit Committee was discussed at the October 2018 Audit Committee development session. Due to capacity available, it was agreed not to pursue broadening the Audit Committee's remit at this time.
10	Where coverage of core areas has been found to be limited, are plans in place to address this?		✓		A limited number of weaknesses are identified. The resolution of some issues is capacity dependent.
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓			See minutes of Committee.
Membership and support					
12	Has an effective audit committee structure and composition of the committee been selected? This should include:	✓			
	• separation from the executive	✓			As described in Audit Committee membership.
	• an appropriate mix of knowledge and skills among the membership		✓		No self-assessment of Audit Committee knowledge and skills has been undertaken. See next development session (and #8).
	• a size of committee that is not unwieldy	✓			Current membership of 6 has worked well, but may be augmented in future.
	• consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)		✓		Under consideration for next iteration of the Terms of Reference.
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?	N/A	N/A	N/A	
14	Does the chair of the committee have appropriate knowledge and skills?	✓			See minutes of Committee.
15	Are arrangements in place to support the committee with briefings and training?	✓			Including annual development session but acknowledging membership turnover, this may need augmented.

Good practice questions		Yes	Partly	No	Comment / Evidence
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			✓	No self-assessment of Audit Committee knowledge and skills undertaken. See next development session (and #8).
17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	✓			CFO, Internal Audit and External Audit all regular attendees at Audit Committee.
18	Is adequate secretariat and administrative support to the committee provided?	✓			See minutes of Committee.
Effectiveness of the committee					
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		✓		Not explicitly, but feedback annual report was provided to IJB in 2017/18.
20	Are meetings effective with a good level of discussion and engagement from all the members?	✓			See minutes of Committee.
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?		✓		Committee does engage with Internal and External Auditors. Committee does not currently request all Managers involved in Audits to attend Audit Committees but could consider this in future. The IJBs Risk Lead has recently been invited to attend the Audit Committee in an advisory role.
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?	✓			Recommendations are acted on when appropriate.
23	Has the committee evaluated whether and how it is adding value to the organisation?			✓	This is a more judgemental issue but could be considered at next development session (see #8).
24	Does the committee have an action plan to improve any areas of weakness?			✓	This should logically be an outcome of development session reviews (see #8).
25	Does the committee publish an annual report to account for its performance and explain its work?	✓			2017/18 report submitted to IJB Board.