



**ANGUS HEALTH AND SOCIAL CARE**  
**INTEGRATION JOINT BOARD – 28 AUGUST 2019**  
**ANGUS IJB AUDIT COMMITTEE ANNUAL REPORT 2018/19**  
**REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**ABSTRACT**

This report is the second Annual Report provided by the Angus IJB Audit Committee to the Angus IJB. It summarises the work of the Audit Committee during the year 2018/19.

**1. RECOMMENDATIONS**

It is recommended that the Integration Joint Board:-

- (i) notes the Annual Report of the Audit Committee for the year 2018/19; and
- (ii) acknowledges the input provided to the Audit Committee from Audit Committee members, and those supporting the Audit Committee.

**2. BACKGROUND**

Previously it has been agreed that on an annual basis the Audit Committee will provide an Annual Report to the main IJB Board. This annual report will provide a retrospective view of the work undertaken in the year 2018/19.

At the inception of the IJB, and as per report 32/16 (March 2016) the IJB agreed to create a separate Audit Committee with an agreed remit. The Audit Committee has met regularly as agreed since then with minutes of the Audit Committee shared with the main IJB Board.

The remit of the Audit Committee is described in the following extract from report 32/16:-

*“...the remit of the Audit Committee shall be:-*

- (i) to agree the Internal Audit Plan for the Integration Joint Board (without further reference to the Integration Joint Board);*
- (ii) to consider the terms of any external or internal Inspections, assessments or audits of the Integration Joint Board with a view to making recommendations to the Integration Joint Board in respect thereof (excepting therefrom external or internal inspections, assessments or audits in respect of clinical and/or care governance); and*
- (iii) to scrutinise the annual accounts and Governance Statements”.*

The IJB's Audit Committee has since discussed broadening the remit of the Audit Committee. However, for now it has been recognised that the capacity constraints that exist around the Audit Committee do not currently support a revision to the Audit Committee remit. This will therefore be revisited once IJB Finance capacity in particular, is strengthened.

The 2018/19 constitutional arrangements for the Audit Committee, as last reviewed at the IJB in August 2017 (report 55/17) are included at appendix 1. These will be refreshed in due course.

Much of the work of the Audit Committee is influenced by the remit of the Audit Committee with an obvious example being work associated with the IJB's Annual Accounts.

This example also highlights that the Audit Committee's annual cycle does not evolve around the traditional reporting year (i.e. ending 31<sup>st</sup> March), but runs behind that by a number of months as the previous year's reviews / reports are concluded after 31<sup>st</sup> March of any reporting year.

This report describes the issues covered by the Audit Committee in the 12 months to June 2019. It also notes issues that will be discussed at the August 2019 Audit Committee (scheduled for 28<sup>th</sup> August 2019) where these reflect 2018/19 issues.

### 3. REPORTS CONSIDERED BY THE IJB AUDIT COMMITTEE – YEAR TO JUNE 2019

3.1 The IJB's Audit Committee currently meets 4 times per annum. This pattern has been in place since the inception of the Committee and was intended to balance the commitments of the members of the Committee and the timeline and breadth of the Audit Committee's remit.

Over the period from June 2017 to June 2018, with this period being longer than 1 year to show more than 1 reporting cycle), the Committee considered the following issues:-

Report	June 2018	August 2018	December 2018	April 2019	June 2019
<b>Regular Items</b>					
Audit Committee Action Points				✓	✓
Consideration of External Reports	✓	✓	✓	✓	✓
Items related to Year End Assurances and Accounts					
Review of Role of Chief Finance Officer	✓ (Summary)			✓ (Detailed)	
IJB Governance Statement	✓ (17/18)				✓ (18/19)
Assurances Received From Partners		✓ (17/18)			
IJB Unaudited Annual Accounts	✓ (17/18)				✓ (18/19)
External Audit Plan			✓ (18/19)		
External Audit Annual Report		✓ (17/18)			
Audited Annual Accounts		✓ (17/18)			
External Audit Annual Report – Review of Actions			✓ (17/18)		
<b>Internal Audit</b>					
Annual Internal Audit Plan		✓ (18/19)			✓ (19/20)
Annual Internal Audit Plan – Progress Report	✓	✓	✓	✓	✓
Internal Audit – Follow Up Actions		✓	✓	✓	✓
Annual Internal Audit Report	✓ (17/18)				✓ (18/19)
Internal Audit – Clinical , Care & professional Governance	✓				
Internal Audit – Financial Management (Follow Up)	✓				
Internal Audit – Governance Mapping			✓		
Internal Audit – Workforce Optimisation			✓	✓	
<b>Annual Items</b>					
Annual Corporate Strategic Risk Register	✓				
Annual Assurance Report – Clinical, Care and Professional Governance				✓	
Annual Audit Committee Report to IJB		✓			
<b>One-Off Items</b>					
Review of Audit Committee Standing Orders			✓		
Self-Assessment of Good Practice for Audit Committees				✓	
Governance Update for Services Delivered Within Angus Council					✓
Ministerial Strategic Group – Review of Progress of Integration of Health and Social Care					✓

The first part of the table reflects a regular programme of governance activity and reporting of that activity. It can be seen that over a period of more than 1 year, a number of annual activities do re-occur. On that basis a number of issues considered in August 2017 will be on the IJB's Audit Committee agenda for August 2018 (including Assurances Received From Partners, External Audit Annual Report and Audited Accounts).

From the above it can be seen activity includes:-

- 1) Regular items including, from April 2018, an "Action Point" Update;
- 2) Items related to Year End Assurances and Accounts – this includes work towards and then approval of the IJB's Annual Accounts;
- 3) Items relating to Internal Audit – including plans and reports and, from August 2018, follow up action reports;
- 4) Annual Items;
- 5) One-off items.

The IJB Audit Committee is also committed to at least one annual development session for Audit Committee members. This last happened in October 2018 and is likely to be repeated at about that time in 2019.

The IJB's Internal Auditors have noted that while the IJB's Audit Committee does now have "Action Points" and "Internal Audit Follow Up Action" reports, there were a number of high level, long-standing issues where the IJB's Audit Committee has not been regularly sighted on progress towards completion. This includes issues such as the development of Large Hospital Set Aside agenda and review of Corporate Support. This will be revisited for 2019/20.

In June 2019, the Audit Committee approved the IJB's Governance Statement for 2018/19. This concluded that :-

"While there remain a number of challenging areas of governance that are still developing and require to be developed further, it is the opinion of the IJB Chairperson and Chief Officer that at 31 March 2019, reasonable assurance can be placed upon the adequacy and effectiveness of the IJB's governance arrangements. We consider that the internal control environment provides reasonable and objective assurance that any significant risks impacting on the IJB's principal objectives will be identified and actions taken to avoid or mitigate their impact. Additionally systems are in place to regularly review and improve the internal control environment."

Taking this into account alongside the breadth of reports considered during the year, the IJB's Audit Committee concludes that it has fulfilled its remit and, as noted above, has been able to confirm that issues under consideration can be relied on with reasonable assurance.

Looking forward, the IJB's Audit Committee will continue to fulfil its current remit and consider reviewing that remit in due course. The Committee will also look to stabilise its membership and support Committee members with appropriate training opportunities. The Audit Committee will specifically monitor progress towards some long-standing issues (e.g. those noted above) during 2019/20.

#### **4. AUDIT COMMITTEE MEMBERSHIP**

It is very important to acknowledge the input provided by IJB Board Members who are also Audit Committee members. This is an additional commitment over and above IJB Board membership and, due to scheduling of Audit Committees, can make for challenging schedules at certain times of the year.

Since June 2018, Councillor Julie Bell has undertaken the role of chair of the Audit Committee.

The membership of the IJB's Audit Committee is dictated by the Audit Committee's constitution. During the last year membership has changed significantly for a variety of reasons. The IJB's Annual Governance Statement, included as part of the IJB's Annual Accounts, routinely documents membership of and attendance at Audit Committee meetings. A copy of the relevant extract of the 2018/19 Governance Statement is included at appendix 2.

The turn-over of membership during 2018/19 does have some disadvantages in that there can be a learning curve associated with both IJB Board membership, but also Audit Committee membership. The IJB Audit Committee has reviewed this and will make membership recommendations to the IJB in due course.

During 2018, Audit Committee members acknowledged that the volume of business at certain times of the year (e.g. around year end) did warrant extended time slots for meetings and this has now been addressed on a flexible basis going forward.

It is also important to acknowledge the input of Angus Council's Democratic Services, Legal Services and both the IJB's Internal Auditors and External Auditors into the production of papers that are submitted to the IJB and the running of the Committee generally.

## **5. SUMMARY**

As noted at the outset, this report is now an annual report to the IJB regarding activity undertaken through the Audit Committee. As can be seen from the above, the work of the Audit Committee does reflect the remit of the Audit Committee and the annual cycle of governance reviews and reporting (e.g. consideration of annual governance reviews and annual accounts).

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Appendix 1 – Audit Committee Constitutional Arrangements  
Appendix 2 – Audit Committee Membership

## ANGUS INTEGRATION JOINT BOARD AUDIT COMMITTEE

### CONSTITUTIONAL ARRANGEMENTS

#### 1. Membership

1.1. The Audit Committee shall comprise of 6 members of the Integration Joint Board all of whom will be entitled to vote at the Audit Committee. The 6 members shall include:-

- (i) two voting members of the Integration Joint Board (one each from the voting membership of Angus Council and NHS Tayside) (excluding the Chair and Vice Chair of the Integration Joint Board who cannot be members of the Audit Committee); and,
- (ii) three non-voting members of the Integration Joint Board (excluding the Chief Officer and Chief Financial Officer who cannot be members of the Audit Committee but who will be expected to attend).

1.2. The membership of the Audit Committee shall be reviewed, re-selected and re-approved by the Integration Joint Board in October 2018 and three yearly thereafter.

1.3. The Audit Committee should meet at least four times per year unless circumstances require additional meetings.

1.4. The Audit Committee shall appoint a Chair and Vice Chair of the Audit Committee (who need not be a voting member of the Integration Joint Board).

1.5. Members of the Audit Committee will be required to attend one development event a year in respect of their role as Audit Committee members.

#### 2. Remit

2.1. The remit of the Audit Committee shall be:-

- (i) to agree the Internal Audit Plan for the Integration Joint Board (without further reference to the Integration Joint Board);
- (ii) to consider the terms of any external or internal Inspections, assessments or audits of the Integration Joint Board with a view to making recommendations to the Integration Joint Board in respect thereof (excepting therefrom external or internal inspections, assessments or audits in respect of clinical and/or care governance); and
- (iii) to scrutinise the annual accounts and Governance Statements.

#### 3. Quorum

3.1. No business shall be transacted at a meeting of the Audit Committee unless there are present at least one half of the voting Members of the Audit Committee

## Appendix 2 – Audit Committee Membership - Extract of Angus IJB's Annual Governance Statement

### *Audit Committee Membership*

Angus IJB ... has an Audit Committee chaired by a member of the IJB and comprising 5 further IJB members. During 2018/19, the Audit Committee met 4 times and the membership at the year end was as follows:-

Councillor Julie Bell (attended 4 of 4 meetings)

Peter Burke (attended 4 of 4 meetings)

Jim Foulis (attended 3 of 4 meetings)

During the financial year, other Audit Committee members included David Barrowman (attended 4 of 4 meetings), Trudy McLeay (attended 2 of 2 meetings) and Barbara Tucker (attended 2 of 4 meetings).

Andrew Jack became a member of the Audit Committee in 2018/19 but after all 2018/19 meetings concluded.

The Audit Committee had two vacancies at the year end and the IJB filled these vacancies at its April 2019 Board meeting with Kathryn Lindsay and Graeme Martin joining the Audit Committee.

Since the year end Jim Foulis has retired from his role and the IJB will see a replacement for him on the Audit Committee.