

Title/Subject: IJB Audit Committee and Internal Audit Planning

Meeting: Integration Joint Board

Date: 3 June 2016

Submitted By: Chief Finance Officer and Chief Governance Officer

Action: For Decision

1. INTRODUCTION

- 1.1 At its meeting on 24 March 2016, the Integration Joint Board (IJB) agreed to establish an Audit Committee. It was further agreed that at its next meeting a proposed remit for the committee would be presented to the IJB together with options for the membership of the committee.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Integration Joint Board:-
- (1) Agrees the remit for the audit committee appended to this report and
 - (2) Decides the membership of the committee.
 - (3) Note the internal audit planning work ongoing as detailed in section 4 of this report.
 - (4) Delegates authority to the Audit Committee to consider and approve the 2015/16 accounts to allow approval by 30 September 2016.

3. BACKGROUND

- 3.1 The Public Bodies (Joint Working) (Scotland) Act 2014 establishes the framework for Integration of Health and Social Care in Scotland. The Scottish Government established the Integrated Resources Advisory Group (IRAG) to develop professional guidance. This guidance outlines that it is the responsibility of the Integration Joint Board to make appropriate and proportionate arrangements for consideration of the audit provision and annual financial statements which are compliant with good practice governance standards in the public sector
- 3.2 The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 (the IJB Order) empowers the IJB to establish committees but, at the same time, sets out some limitations on this power. Both voting and non-voting members may be appointed to a committee but its membership must

include voting members, with equal numbers being appointed from each of the constituent authorities. Accordingly, the options for membership would appear to be either one or two voting member appointed from the Health Board and the Council and such other non-voting members as the IJB considers appropriate. The IJB also requires to appoint the Chairperson of the committee. In general, it would not be considered appropriate for the Chairperson of the IJB to also be a member of the audit committee.

4. INTERNAL AUDIT PLANNING

- 4.1 The IJB Chief Officer and Chief Finance Officer met with the Chief Internal Auditors from NHS Forth Valley and Falkirk Council on 9th May 2016 to discuss internal audit planning.
- 4.2 An internal audit plan for 2016/17 will be brought to the August 2016 IJB meeting for approval. It is anticipated this will focus on:
 - Strategic Planning
 - Due Diligence; and
 - Governance
- 4.3 It is planned that an internal audit reporting protocol be developed setting out how and to whom IJB, Council and NHS Internal Audit work will be reported where it has a relevance to functions delegated to the IJB.
- 4.4 The IJB Chief Officer and Chief Finance Officer will continue to work with the IJB Chief Internal Auditor to develop appropriate internal audit arrangements for the Board.

5. IMPACT ON INTEGRATION JOINT BOARD OUTCOMES AND PRIORITIES

- 5.1 None.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The establishment of an audit committee is not a legal obligation. It is, however, considered to be good practice and should assist in identifying and mitigating risk.

7. CONSULTATION

- 7.1 The draft remit for the committee has been the subject of discussion between the Chief Finance Officer and officers of the constituent authorities.

8. EQUALITIES

- 8.1 It is considered that no equality issues arise from the decision sought from the IJB by this report.

Approved for Submission by: Ewan Murray, Chief Finance Officer

Author – Ewan Murray, Chief Finance Officer

Date: 26 May 2016

List of Background Papers:

1. **None**

FALKIRK HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE DRAFT TERMS OF REFERENCE

Constitution

The IJB shall appoint the Committee. The Committee should agree the professional advisors it requires on a regular and adhoc basis. The Committee is required to review its terms of reference on an annual basis.

The Committee will meet at least twice per annum. The Committee will be supported and serviced by the Chief Finance Officer. The Audit Committee should report to the IJB.

Chairperson

The Chairperson of the Committee will be a voting member nominated by the IJB, noting that the Chairperson of the IJB would not normally be a member of the Audit Committee

Quorum

Half of the voting members will constitute a quorum.

Functions Referred

The following functions of the IJB shall stand referred to the Audit Committee –

1. Assess the adequacy and effectiveness of the IJB's internal controls and corporate governance arrangements and consider the annual governance reports and assurances to ensure that the highest standards of probity and public accountability are demonstrated;
2. Ensure existence of and compliance with an appropriate Risk Management Strategy. Review risk management arrangements and receive regular risk management updates and reports;
3. Review and approve the Internal Audit Annual Plan on behalf of the IJB, receive reports and oversee and review progress on actions taken on audit recommendations and report to the IJB on these as appropriate;
4. Consider the External Audit Annual Plan on behalf of the IJB, receive reports and consider matters arising from these and management actions identified in response before submission to the IJB; The Audit Committee may also consider relevant national audit reports particularly those relating to Health and Social Care Integration from Audit Scotland.
5. Consider annual financial accounts and related matters before submission to and approval by the IJB; and
6. The committee is responsible for ensuring best value for those delegated functions.
7. The Committee is authorised by the IJB to investigate any activity within its terms of reference, and in so doing, may seek any information it requires.