
Report To: Inverclyde Integration Joint Board **Date:** 20 June 2016

Report By: Brian Moore
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Inverclyde Health & Social Care Partnership **Report No:** IJB/34/2016/BM

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Subject: IJB AUDIT ARRANGEMENTS

1.0 PURPOSE

- 1.1 The purpose of this report is to recommend the establishment of an Audit Committee for the Inverclyde Integration Joint Board (IJB) and to agree the Terms of Reference, membership and meeting arrangements for the IJB Audit Committee.

2.0 SUMMARY

- 2.1 This is a follow up report from 10 November 2015 when the IJB considered a proposal to create a Financial and Audit Committee as part of the overall IJB governance arrangements and agreed to continue consideration of the proposed audit arrangements in order to clarify the remit of the proposed Audit Committee. Further discussions determined that the IJB wished to retain oversight of financial performance rather than delegate this to a sub-committee at this time.
- 2.2 This report proposes that the IJB establishes an Audit Committee and sets out the proposed terms of reference and composition for discussion. Proposals for internal and external audit arrangements are also outlined.

3.0 RECOMMENDATIONS

It is recommended that:

- 3.1 the Integration Joint Board considers the terms of this report;
- 3.2 the Integration Joint Board establishes an Audit Committee as a standing committee of the Integration Joint Board, the remit and powers of which are set out in Appendix 1 of this report;
- 3.3 the Integration Joint Board appoints 6 Members to serve on the Audit Committee, having due regard to the requirements set out in Paragraph 4.3 of this report with nominations and appointments being made at the meeting;
- 3.4 the Integration Joint Board appoints a Chair and Vice-Chair to the Audit Committee, having due regard to the requirements set out in Paragraph 4.4 of this report;
- 3.5 the Audit Committee will meet on dates within the agreed cycle of meetings commencing in 2016/17 as follows: from 1.30pm on 18th August 2016, 24th January 2017 and 14th March 2017, and

- 3.6 the Integration Joint Board approves the proposed audit arrangements set out in section 5 of this report and directs the Chief Officer to develop and implement a Service Level Agreement with Inverclyde Council's Chief Internal Auditor in relation to the internal audit arrangement for the Integration Joint Board.

Lesley Aird
Chief Financial Officer
Inverclyde Health & Social Care Partnership

4.0 PROPOSAL

4.1 Remit

The Audit Committee is being established to advise the IJB on internal control (including corporate governance) and audit matters. The Audit Committee will be a standing committee of the IJB. The Terms of Reference at Appendix 1 outline the Audit Committee's constitution, authority and key duties.

4.2 The Audit Committee will receive relevant reports from the Council and Health Board Audit Committees for noting. Since the NHS GGC Audit Committee is a private committee, any reports from that Committee will require to be dealt with in terms of Standing Order 23.2, which deals with exempt and confidential information.

4.3 Membership

Membership of any committee established by the IJB must comprise an equal number of voting members from both NHS GGC and the Council. It is proposed that the membership comprise 4 IJB voting members (2 from NHS GGC and 2 from the Council) with an additional 2 members drawn from the wider non-voting membership of the IJB (i.e. a minimum of six members). Once established, it will be open to the committee to appoint additional co-opted members as it considers appropriate.

4.4 The IJB is required to appoint the Chair of the IJB Audit Committee. It is recommended that the Chair or Vice Chair of the IJB should not be members of the Audit Committee. Further, it is recommended that the Chair of the Audit Committee should be selected from the voting members nominated by the organisation which does not currently chair the IJB. For example, if the Chair of the IJB is a voting member nominated by the Council then the Chair of the Audit Committee should be a voting member nominated by NHS GCC and vice versa.

4.5 At its meeting on 10 November 2015, the IJB decided that it be noted that the Council nominated IJB voting members on the Audit Committee, once established, will be Councillors McCabe and Rebecchi, with Councillor McCabe as Vice-Chair of the Audit Committee.

5.0 AUDIT ARRANGEMENTS

5.1 The national Integrated Resources Advisory Group Guidance recommends that:

- The internal audit service should be provided by one of the internal audit teams from the Health Board or Local Authority (para 2.4.7).
- The Chief Internal Auditor from the Health Board or Local Authority undertake this role for the Integration Joint Board in addition to their role as Chief Internal Auditor of their respective organisation (para 2.4.8).

5.2 Following discussions with the Health Board Director of Finance and the Council Section 95 Officer it is proposed that the internal audit service for the Integration Joint Board be provided by Inverclyde Council internal audit and that the Council's Chief Auditor be appointed as Chief Internal Auditor for the Integration Joint Board.

5.3 It has been confirmed that the Accounts Commission is responsible for appointing external auditors for Integration Joint Boards and the Accounts Commission has appointed Grant Thornton UK LLP to undertake this role. This appointment is for 1 year only as 2015/16 is the final year in the current round of audit appointments. New 5-year appointments will be made from 2016/17.

6.0 IMPLICATIONS

6.1 Finance

Costs for external audit for future years are not yet quantified, costs for the 2015/16 shadow year external audit are £5,000. The Public Bodies (Joint Working) (Scotland) Act 2014 and its associated guidance propose that internal audit services should be provided by one of the parent bodies on a donated basis, see paragraph 5 above.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

6.2 Legal

Standing Order 13 of the IJB's Standing Orders for Meetings regulates the establishment by the IJB of the Audit Committee.

6.3 Human Resources

There are no specific human resources implications arising from this report

6.4 Equalities

There are no equality issues within this report.

7.0 CONSULTATION

7.1 This report has been prepared by the Chief Financial Officer, Inverclyde Health & Social Care Partnership. The Council's Chief Financial Officer, Chief Internal Auditor and Health Board Director of Finance have been consulted.

8.0 BACKGROUND PAPERS

8.1 Scottish Public Finance Manual 2011.

**INVERCLYDE INTEGRATION JOINT BOARD
AUDIT COMMITTEE
TERMS OF REFERENCE**

1	Introduction
1.1	The Audit Committee is identified as a Committee of the Integration Joint Board (IJB). The approved Terms of Reference and information on the composition and frequency of the Committee will be considered as an integral part of the Standing Orders.
1.2	The Committee will be known as the Audit Committee of the IJB and will be a Standing Committee of the IJB.
2	Constitution
2.1	The IJB shall appoint the Committee. Membership must comprise an equal number of voting members from both NHS GCC and the Council. The Audit Committee shall comprise 2 voting members from NHS GGC, 2 voting members from the Council and 2 non voting members from the IJB (excluding professional advisers).
2.2	The provisions in relation to duration of membership, substitution and removal of membership together with those in relation to code of conduct and declaration of interest will be those which apply to the IJB.
3	Chair
3.1	The Chair and Vice Chair of the Audit Committee will be voting members nominated by the IJB but will not be the Chair or Vice Chair of the IJB. The Chair [and Vice Chair] of the Audit Committee should be selected from the voting members nominated by the organisation which does not currently chair or vice chair the IJB. For example, if the Chair of the IJB is a voting member nominated by the Council then the Chair of the Audit Committee should be a voting member nominated by NHS GCC and vice versa.
4	Quorum
4.1	Three Members of the Audit Committee will constitute a quorum. At least two members present at a meeting of the Audit Committee shall be IJB voting members.
5	Attendance at meetings
5.1	In addition to Audit Committee members the Chief Officer, Chief Financial Officer, Chief Internal Auditor and other professional advisors and senior officers will attend as required as a matter of course. External audit or other persons shall attend meetings at the invitation of the Audit Committee.
5.2	The Chief Internal Auditor should normally attend meetings and the external

	auditor will attend at least one meeting per annum.
5.3	The Audit Committee may co-opt additional advisors as required.
6	Meeting Frequency
6.1	The Audit Committee will meet at least three times each financial year. There should be at least one meeting a year, or part thereof, where the Audit Committee meets the external and Chief Internal Auditor without other senior officers present.
7	Authority
7.1	The Audit Committee is authorised to instruct further investigation on any matters which fall within its Terms of Reference.
8	Duties
8.1	The Audit Committee will review the overall Internal Control arrangements of the IJB and make recommendations to the IJB regarding signing of the Governance Statement.
	Specifically it will be responsible for the following duties:
	1. Acting as a focus for value for money and service quality initiatives;
	2. To review and approve the annual audit plan on behalf of the IJB, receiving reports, overseeing and reviewing actions taken on audit recommendations and reporting to the Board;
	3. Monitoring the annual work programme of Internal Audit;
	4. To consider matters arising from Internal and External Audit reports;
	5. Review on a regular basis action planned by management to remedy weaknesses or other criticisms made by Internal or External Audit
	6. Review risk management arrangements, receive annual Risk Management updates and reports.
	7. Ensure existence of and compliance with an appropriate Risk Management Strategy.
	8. To consider annual financial accounts and related matters before submission to and approval by the IJB;
	9. To be responsible for setting its own work programme which will include the right to undertake reviews following input from the IJB and any other IJB Committees;

	10. The Audit Committee may at its discretion set up short term working groups for review work. Membership of which will be open to anyone whom the Audit Committee considers will assist in the task assigned. The working groups will not be decision making bodies or formal committees but will make recommendations to the Audit Committee;
	11. Promoting the highest standards of conduct by Board Members;
	12. Monitoring and keeping under review the Codes of Conduct maintained by the IJB, and.
	13. Will have oversight of Information Governance arrangements as part of the performance and audit process.
9	Conduct of Meetings
9.1	Meetings of the Audit Committee will be conducted in accordance with the relevant Standing Orders of the IJB.