



REPORT TO ABERDEENSHIRE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 19 JUNE 2019

QUORUM AND UPDATED TERMS OF REFERENCE

1 Recommendations

The Audit Committee is recommended to:

- 1.1 To note that Mr Tony Cox has stepped down from the Committee.
- 1.2 To note that non-voting members cannot count towards the quorum for the meeting.
- 1.3 To agree that quorum arrangements should remain as three voting members of the Committee.
- 1.4 To consider the changes in the Terms of Reference at Appendix 1 and recommend to the Integration Joint Board for approval.
- 1.5 To agree to Ms Amy Anderson becoming Vice Chair of the Committee.

2 Risk

- 2.1 This paper relates to risks IJB 1 (Sufficiency of Resources).

3 Discussion

- 3.1 The updated membership and vice-chair arrangements for the Audit Committee were reported to the Integration Joint Board meeting on 25th February 2019. The Joint Board agreed:
 - To approve the appointment of Tony Cox, David Hekelaar and Inez Kirk to the Audit Committee with immediate effect;
 - To note that Ms Amy Anderson had replaced Mr Eric Sinclair on the Audit Committee;
 - To note that either Ms Anderson or Ms Little will be Vice-Chair of the Audit Committee.
 - That officers report in detail to the next meeting on the issue of Audit Committee quorum and confirmation of the Chair and Vice-Chair.
- 3.2 Since the meeting in February:-
 - Mr Tony Cox has stepped down from the Integration Joint Board and therefore can no longer be a member of the Audit Committee.
- 3.3 With regard to quorum of the meeting, the issue was whether non-voting members of the Audit Committee could count towards the quorum of the meeting. The legislation provides that an IJB may establish committees of its members to carry out such functions as it may determine. The IJB has convened an Audit Committee. The IJB establish a chairperson however the arrangements regarding a Vice Chair are silent and so the Audit Committee may appoint the Vice Chair.

The legislation states that any committee established by the IJB must have equal numbers of voting members appointed by both the local authority and the health board. The legislation clearly goes on to state that any decision must be agreed by a majority of the votes of the voting members who are members of the Committee.

It is therefore clear that any decisions related to the carrying out of functions, including the audit of these, can only be done by voting members. Non-voting members do not count for the quorum. An option to consider is that the quorum could remain at 3 members but that there must be at least one from each organisation.

Another option would be to appoint an additional 2 voting members to the IJB Audit Committee proportionally between partners.

There is no legislation nor convention which would permit a non-voting member of the IJB to become a voting member of the Audit Committee.

3.4 In summary:

- Non-voting members of the Audit Committee cannot count towards the quorum of the meeting.
- The current Terms of Reference state that “three members of the Committee will constitute a quorum” and that this should continue to be the case.

3.5 At the last meeting of the Audit Committee it was agreed to approve in principle the revised Terms of Reference subject to the inclusion of the phrase “or their designated representatives” in Section 5.1 after “The Chief Officer, Chief Finance Officer, Chief Internal Auditor”.

A new paragraph (paragraph 3.2) has also been included to reflect the arrangements for appointing a Vice Chair.

Amended Terms of Reference are at Appendix 1.

3.6 The Integration Joint Board meeting of 25th February 2019 agreed to note that either Ms Anderson or Ms Little will be Vice Chair of the Audit Committee. Taking account of the Terms of Reference, the Committee are asked to agree Ms Amy Anderson being appointed as Vice Chair of the Committee.

4 Equalities, Financial and Staffing Implications

4.1 An equality impact assessment is not required because there are no equalities implications arising from this report.

4.2 There are no financial or staffing implications arising from this report.

Alan Sharp
Chief Finance Officer

Report prepared 3rd June 2019

**APPENDIX 1
ABERDEENSHIRE INTEGRATION JOINT BOARD (IJB)
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. The Committee will consist of not less than six members of the IJB. Four members will be voting members of the IJB and two members will be non-voting members of the IJB. The Committee will include an equal number of voting members from NHS Grampian and Aberdeenshire Council.
2.2	The term of membership should normally be a maximum of 3 years, other than to support the Committee's succession planning and maintenance of experience levels.
2.3	The Committee should include members with a balance of skills, knowledge and experience including financial awareness and understanding, risk and internal controls assurance, and corporate governance issues. Members should have the ability to question, probe, challenge, and seek clarification of complex issues. Members will be supported through training and development sessions to gain and enhance these skills.
3	Chair
3.1	The Committee will be chaired by a voting member of the IJB (but not the Chair or Vice-Chair) and will rotate between NHS Grampian and Aberdeenshire Council on an 18 month basis, in line with the term for the Chair of the IJB, selected from the organisation which does not currently Chair the IJB.
3.2	The Committee shall appoint a Vice Chair from their membership and will rotate in line with the term for the Chair of the Audit Committee and should be selected from the organisation which currently chairs the IJB.
4	Quorum
4.1	Three Voting Members of the Committee will constitute a quorum.

5	Attendance at meetings
5.1	The Chief Officer, Chief Finance Officer, Chief Internal Auditor or their designated representatives and other Professional Advisors and senior officers will be required to attend meetings as a matter of course. External Audit or other persons shall be expected to attend meetings at the invitation of the Committee. The Chair and Vice-Chair or any other IJB member may attend meetings if they wish.
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 Committee may co-opt additional advisors as required.
6	Meeting Frequency
6.1	The Committee will meet at least four times each financial year. There should be at least one meeting a year, or part thereof, where the Committee is given the opportunity to meet the External and Chief Internal Auditor on an informal basis without other senior officers present.
6.2	The Committee may arrange additional workshops and training sessions to support its work and development of members.
7	Authority
7.1	The Committee may carry out investigations and call upon officers to give evidence, explanations, or provide written reports as appropriate for the purpose of providing information to assist the Audit Committee in fulfilling its role of advising the IJB and Accountable Officer.
7.2	The Committee has explicit authority to investigate any matter within its remit, and set its own work programme. It shall be provided with the resources it needs to do so, and shall be given full and timely access to information relevant to its function. The Committee may obtain external professional advice where considered necessary.
8	Duties
8.1	<p>The purpose of the Committee is to assist the IJB to deliver its responsibilities for the conduct of public business, and the stewardship of funds under its control. In particular, the Committee will seek to provide assurance to the IJB that appropriate systems of internal control are in place to ensure that: business is conducted in accordance with the law and proper standards; public money is safeguarded and properly accounted for; Financial Statements are prepared timeously, and give a true and fair view of the financial position of the IJB for the period in question; and reasonable steps are taken to prevent and detect fraud and other irregularities.</p> <p>The Committee will review the level of assurance provided over the internal control and corporate governance arrangements (e.g. Standing Financial Instructions) of the IJB and make recommendations to the IJB regarding the signing of the Annual Governance Statement.</p> <p>The Committee will also review the Strategic Planning arrangements of the IJB.</p>

8.2	The Committee will approve the selection and appointment of the IJB's Internal Audit function.
8.3	The Committee will receive and consider the annual internal and external audit plans on behalf of the IJB, and shall receive reports on work planned, progressed, and completed by Internal and External Auditors.
8.4	The Committee shall consider matters arising from Internal and External Audit reports and any investigations into fraud or other irregularities, and shall review on a regular basis the implementation of actions planned by management in response to these matters.
8.5	The Committee will monitor the effectiveness of the risk management arrangements implemented by the IJB, including strategy, assessment, monitoring and reporting of risk.
8.6	The Committee will consider and approve the annual financial accounts of the IJB. The Committee will then inform the IJB that the annual financial accounts have been approved.
8.7	The Committee will obtain assurance that the Senior Management Team, maintain effective controls within their services which comply with financial procedures and regulations.
8.8	The Committee shall develop and oversee arrangements for reporting the assurance gained from its activities for the information of the relevant Scrutiny and Audit Committees within NHS Grampian and Aberdeenshire Council, and obtaining the assurance it requires from these bodies, including sharing relevant audit reports where appropriate.
8.9	The Committee may at its discretion set up short term working groups for review work. Membership of the working group will be open to anyone whom the 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.
8.10	The Committee may make recommendations regarding improvements to the activities, internal controls and governance of the IJB and its services.
8.11	The Committee shall maintain awareness of relevant Audit Scotland and other national audit, inspection and regulatory advice, and consider the potential implications of the outcomes of this work for the IJB's internal control and governance arrangements.
8.12	The Committee may at its discretion review arrangements pertaining to Health & Safety, Information Security, Performance or specific Project Work of the IJB in order to obtain assurance of the adequacy of arrangements in these areas.
9	Review
9.1	The Terms of Reference will be reviewed once in the first year and then on an ongoing basis to ensure their ongoing appropriateness in dealing with the business of the IJB.
9.2	The Committee will review its effectiveness, and consider its development and training needs at least annually.

