



Birmingham and Solihull
Integrated Care System
Caring about healthier lives

Exploring the Wider Considerations of Audit Committees

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The Basics: the Duty of NHS Bodies to have an Audit Committee

- Every NHS Body is required to have an Audit Committee; to:
 - ensure that the organisation operates effectively
 - meets its statutory/strategic objectives
 - provides the Board with assurance that this is the case
- The Audit Committee fulfils its functions by providing assurance about:
 - systems of controls and governance and whether they are working as they should
 - the underlying accuracy and effectiveness of key data systems
 - the key assurance framework (including Board assurance mechanisms) is effective
 - the key disclosure statements (accounts, annual report, governance statement, quality ac)



The Audit Committee's Wider Responsibilities in the wake of Mid Staffs

- Audit Committees have a key role in scrutinising financial controls, but their focus extends across **all** of an organisations' activities
- NHS Boards must meet a broad range of stakeholder requirements and deliver high quality healthcare
- A number of high-profile failures (Mid Staffs etc), have underlined need for governance policies and procedures that:
 - put the interests of patients first
 - recognise the critical importance of quality
 - are comprehensive and effective; and
 - minimise the risk of fraud, bribery and corruption



Audit Committees need to take a wider view to consider the broader governance risks

The Audit Committee's wider responsibilities: the advent of Integrated Care Systems (ICSs)

- 42 ICSs established 1 July 2022, bringing health & care organisations to to develop shared plans and joined-up services. They aim to:
 - improve outcomes in population health and healthcare
 - tackle inequalities in outcomes, experience and access
 - enhance productivity and value for money
 - help the NHS support broader social and economic development
- The landscape suddenly got broader
- ICSs have broader responsibilities which can only be delivered in partnership



Accordingly, there's a need for systems of governance and assurance which track delivery and the functioning of key controls beyond the organisational boundaries

The Relationship between The Audit Committee & Other Committees

- Audit Committee's territory has expanded in recent years; BUT
 - We should beware the risks of mission-creep
 - Other committees may be providing the assurance that the Board is seeking
 - Finance and Performance
 - Quality
 - People
- There has to be a good rationale for expanding the Audit Committee's territory; where:
 - The Audit Committee is best placed to deliver effective, objective scrutiny (in particular instances)
 - Assurance and scrutiny offered by other committees is not addressing key risks



How do we join up Governance and Audit Arrangements in ICS systems?

- Need for closer working between Audit Chairs in ICS systems. In B&Sol ICS; Audit Chairs:
 - meet 2/3 a year to discuss governance across the system
 - NHS Audit Chairs have an open invitation to attend the ICB Audit Committee
 - the ICB Audit Chair is invited to attend system NHS Trust Audit Committees
- This enables us to develop:
 - a shared sense of risk across the ICS
 - share intelligence about new risks (and possible mitigations)
 - identify the governance 'gaps' across the separate statutory bodies

Accordingly, working together helps mitigate collective governance risk

How the Governance Landscape just got wider

- Since the introduction of ICSs, risk has ‘leaked’ beyond the individual NHS body with the advent of; for instance:
 - Provider Collaboratives
 - Transfer of Regional Services:
 - Pharmacy, Optometry, Dentistry (involving the establishment of ICB joint bodies)
 - Specialised Services (similarly involving joint ICB bodies)
 - Shared Services and Jointly Procured Services
- Health bodies are starting to tackle cross-cutting agendas eg Health Inequalities

The governance associated these arrangements is ‘fuzzy’

How should Audit Committees respond to the wider agenda?

- Formally review the extent to which other committees are delivering their ToF Rs:
 - are they managing and mitigating key risks?
 - are their conclusions being reported effectively?
 - are there any gaps?
- The Audit Committee may need to plug 'gaps' but it may also be best-placed to commission work around cross-boundary and cross-cutting themes

Internal Audit can be a valuable tool in exploring themes across a system

Some examples of Cross Boundary Work

- Some areas where Audit Committees have started to push the boundaries:
 - partnership arrangements
 - provider collaboratives
 - health inequalities
 - population health management
 - financial resilience



It would be good to hear from you through the Chatbox of examples of innovative work you are doing

Partnership arrangements

Partnership Arrangements

- In one ICS a combined purchasing function (CPF) is undertaken by a lead provider, as well as payroll systems (PS):
- Other providers have no assurance around controls operating within the CPF. A solution:
 - the lead provider (with the agreement of their auditors) could agree to share the relevant internal audit report on controls assurance relating to CPF and PS

Provider Collaboratives

- In Birmingham & Solihull ICS, the ICB has delegated budgets to the local mental health trust (MHT) to commission mental health services across the system (including a neighbouring NHS Trust).
- The ICB is looking to gain assurance:
 - from its internal auditors (who also audit the local MHT), about the adequacy of delegated arrangements

Cross Cutting Work: Health Inequalities

- Health Inequalities (HI) is a key driver for the NHS, but not all Trusts/ICBs have devised arrangements to audit progress
 - One Audit Committee commissioned work on HI; findings:
 - Strong leadership in developing a Strategy & data dashboard
- BUT, A NEED TO DEVELOP:**
- Governance arrangements to monitor delivery against strategy
 - Robust project management arrangements to implement strategy
 - A data plan, so that data is comprehensive/relevant to inform the strategy
 - Greater cross-working with ICS, to ensure consistent plans and shared learning



Cross Cutting work: Population Health Management (PHM)

- One ICB is adopting a PHM approach to service delivery. The Audit Committee asked Internal Audit to review its approach. The main conclusions were:

- ICB has strong commitment to PHM approach

BUT, A NEED TO DEVELOP:

- An overall strategy for PHM

- A clear delivery plan

- Dedicated resources to provide analytic capacity

- An ICS-wide governance framework to leverage economies of scale & learning



Cross Cutting work: Financial Resilience (2022/23)

- One ICB asked its Internal Auditor (IA) to summarise the work of IA providers across the ICS on financial resilience:
 - Good basic controls across systems (but variations in scoring)
 - Need to relate scores to financial outcomes
 - Differences in effectiveness of CIP arrangements
 - Variations in training provided to Finance staff
 - Variations in effectiveness of:
 - financial planning
 - financial monitoring



An example of joining up work across different internal audit providers

Conclusion

- **That's my presentation concluded**
- **Happy to answer any questions and keen to hear your ideas**