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Audit committees – scrutiny and the system

The move to the integrated care model for the NHS makes the role of the audit committee more important than ever – but how should they work in a system?

All organisations should have an audit committee, especially those that are responsible for significant public funds. It is the senior committee in any organisation's roster of support mechanisms and in the NHS is one of two mandatory committees. It is where the board looks for further assurance.

The Healthcare Financial Management Association defines this responsibility: "Given that governing bodies rely on an assurance framework to monitor strategic objectives and identify significant inherent risks, the audit committee's primary role is to look behind it to provide assurance that the framework itself is valid and suitable for the governing body's requirements." HFMA NHS audit committee handbook, 4th edition, 2018 (ISBN No. 978-1-904624-97-4).

So, the role is about reviewing and reporting on the relevance and robustness of the governance structures and processes that, in conjunction with the mission and values of an organisation, deliver its strategies.

At the same time, while assessing the risks to achieving those strategic objects lies at the heart of much of the board's work, overseeing the risk systems and processes as a whole is a key role for the audit committee.

Within the NHS, as we move to system working with shared accountability for the delivery of high-quality services, blurred boundaries and pooled resources with a regulator determined to look at system performance as well as organisation performance, how does an audit committee do its job?

The only reason for collaboration

Ultimately, the only reason for collaboration is to improve services for patients and service users – there is no other point to it. An audit committee absolutely needs to understand the context within which its sovereign organisation operates. What are the system ambitions, strategies and objectives and how do these match the organisation's?



Joint committees, when they arrive, and committees in common will take on much of the day-to-day operational delivery. What is delegated and on what basis needs to be understood because the subsequent accountability for quality of service, financial probity and good governance cannot be delegated.

One solution is for the needs of accountability to be considered across the system by all affected audit committees. Is there a shared risk appetite, is the quality of information agreed and seen to be flowing satisfactorily and is it clear when the needs of the individual organisation replace those of the system?

The role of the internal audit service could be instrumental in all of this. Agreeing to review across the system either as a single study or in multi-organisation reviews would be a powerful way of giving additional assurance to those directors whose necks are on the block for both collaborating and being accountable for the performance of an individual trust.

Within the absolute of accountability there needs to be greater flexibility of thought about how to deliver it. Why not collaboration between audit committees as well as continuing to assert independence?

Overall, the essential is the improvement of service provision and there are many ways to achieve that – and the opposite. Nobody goes to work to do a bad job. Seeking assurance remains a laudable and essential aim; it can and should adjust to the new norms.

Illuminations

- As custodians of billions of pounds of public money, ICSs will be expected, and frankly must, set up audit committees, which requires NEDs to sit on the NHS ICS board.
- Audit committees within systems can collaborate...with other audit committees.
- Don't overlook the power of internal audit interventions across the system in providing extra assurance.
- It's about improvement and nothing else matters.

If you have any questions or comments about this briefing, please call us on 07732 681120 or email advice@good-governance.org.uk.