

Audit Committee review for NHS organisations

Maturity Matrix developed by the Good Governance Institute with input from colleagues working on NHS audit committees, internal auditors and external auditors

To use the matrix: identify with a circle the level you believe your organisation has reached and then draw an arrow to the right to the level you intend to reach in the next 12 months.



Version 1.0 April 2015

Progress Levels	0	1	2	3	4	5
Key elements	No	Basic Level	Early Progress	Firm progress	Maturity	Exemplar
		Principle accepted. Agreement of commitment and direction	in development	in development	Results being achieved	
Purpose and mandate	No	Board sighted on annual programme of work. Annual committee reports to board. Basic use of effectiveness review mechanism in HFMA Handbook	Board asks audit committee to look at particular issues/systems. Committee aware of relevant board responsibilities of oversight on behalf of third parties (eg, CLRN issues). Outline action plan for effectiveness based on self assessment checklist. Key documents for disclosure are signed off	Audit committee programme of work discussed and agreed by board annually. Board identifies issues for audit committee review/annual programme. Key documents for disclosure are signed off with sufficient time for challenge	Board able to rely on committee to provide independent, credible assurance. If considered relevant by board, specific scrutiny and assurance requirements of third parties included in annual programme of audit committee. Key documents for disclosure are challenged to provide value for stakeholders	The committee's work includes relevant broader healthcare economy issues, such as considering the overall deployment of the audit resource. Self assessment leads to key changes in the audit committee's practice, which are then used elsewhere as best practice
Independence and initiative	No	Non-executive membership with officers deemed in attendance. At least one meeting annually with auditors without officers	Committee discusses annual programme/meeting agendas and exerts influence over issues discussed. Committee 'commissions' papers from staff and auditors	Committee confident to reject papers, and presentations if necessary. Members report confident they can act independently, and call to the committee who they need to	Board considers audit committee a sound, independent assurance mechanism. There is clear evidence of challenge to poor and/or unreliable sources of assurance	Audit committee has broken new ground in its work, and this has been picked up by other audit committees as best practice
Holistic remit	No	Holistic remit of mission understood, and defined line of sight to assurance work done outside audit committee (eg quality committee)	Systematic and agreed working relationship between audit committee and other relevant assurance groups. Committee sighted on internal and clinical audit programmes. Risk management system includes audit committee as part of the risk management process	Differentiation over type of work between audit and other assurance committees means audit committee discusses all assurance areas. Audit committee discusses how assurance on key risks is considered by audit and the other board committees. Evidence of challenge when controls are not working or data is unreliable	Board considers audit committee a sound, independent assurance mechanism. There is clear evidence of challenge to poor and/or unreliable sources of assurance	Audit committee contributes to International Integrated Reporting Council-style integrated reports
Relationship with audit	No	Dialogue with internal and external auditors around annual committee programme. Clinical audit programme reviewed by committee	Ongoing dialogue and involvement with clinical audit team. Committee leads setting priorities for annual internal audit programme. Annual Governance Statement (AGS) follows standard templates and is signed off by audit committee in a timely fashion	Audit committee agrees annual programme for both internal audit and clinical audit. Annual programme for internal audit and clinical audit aligned to risk profile of the organisation. AGS considered by the audit committee with input from internal audit	Other audit and assurance activities (eg Clinical Pathology Accreditation) drawn into orbit of audit committee. Clear and regular assessment of independence of auditors. AGS is a mature and accurate reflection of the internal control mechanisms	Positive audit lessons taken up as best practice, for example as presentations at national events
Working methods	No	Agenda and meeting planning system in place and involves committee Chair. Committee support identified. Meetings papers sent out in timely fashion. Meeting minuted and minutes shared with board	Action follow-up log in place and used. Annual cycle of business in place. Papers only tabled by exception. Chair provides board with verbal reports as well as minutes. Key scrutiny issues systematically addressed eg BAF, risk register, annual accounts, IG toolkit	Written summary of key assurance and other key points provided to board. Systematic forward look at agendas. Annual programme related to material areas eg BAF, significant risk areas, etc	Committee working is reviewed using a formal framework to produce ongoing improvements to process and a clear action plan or set of objectives for the audit committee is produced. This then guides the ongoing work of the audit committee	Audit committee has provided improvement suggestions to national frameworks for audit committee review, such as to the Health Finance Managers Association (HFMA)
Skills and experience	No	Skills and experience for audit committee membership identified by board. Induction process in place. Audit committee has at least one member with recent and relevant financial experience	Members' skills and experience match those identified by board. Development opportunities in place for committee members. Members report confidence in their contribution to meetings	Committee experience includes at least one member with each of the following: 1) relevant professional qualification 2) experience at board level in two significant organisations 3) experience of formal audit/ accreditation/quality processes	Clinician on audit committee. Succession plan in place	Audit committee members contribute to developing audit committees/audit committee practice elsewhere