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Agenda Item:

## **Integration Joint Board – Audit Committee**

**Date of Meeting: 16 March 2022.**

**Subject: Performance and Audit Committee – Draft Terms of Reference.**

### **1. Purpose**

1.1. To present revised Terms of Reference for a proposed Performance and Audit Committee.

### **2. Recommendations**

The Audit Committee is invited to note:

2.1. That the Integration Joint Board currently has four sub-committees, as follows:

- Strategic Planning Group.
- Audit Committee.
- Joint Staff Forum.
- Joint Clinical and Care Governance Committee (shared committee with the NHS).

2.2. That, with the appointment of a new Chief Officer, an opportunity arose to revisit the function, purpose and effectiveness of each of the sub-committees.

2.3. That work has been undertaken with members of all sub-committees to explore how to maximise each sub-committee's contribution to the business of the Board.

#### **It is recommended:**

2.4. That the Audit Committee endorse the proposed expanded remit to include performance and the proposed changes to the Terms of Reference, attached as Appendix 1 to this report, which will be considered by the Integration Joint Board at its meeting to be held on 22 March 2022.

### **3. Background to Proposed Change**

3.1. The Integration Joint Board currently has four sub-committees, being:

- Strategic Planning Group.
- Audit Committee.
- Joint Staff Forum.
- Joint Clinical and Care Governance Committee (shared committee with the NHS).

3.2. The purpose of the four sub-committees referred to at paragraph 3.1 above is to consider key areas of Board business, explore these in detail, apply appropriate levels of scrutiny and provide the Board with assurance.

3.3. With the appointment of a new Chief Officer in May 2021, discussions began with members of all sub-committees about the functioning, effectiveness, and Terms of Reference of each. It also enabled a review of the entirety of the Integration Joint Board's governance arrangements.

3.4. A current gap for the Board relates to performance information and regular reporting that enables exploration of the effectiveness of service delivery. Part of the challenge is that in many areas of service, information systems do not lend themselves to producing this information easily and regularly. Work is underway to look at the systems being used and how best to optimise the data production that will better facilitate performance reporting. The appointment of a Planning and Performance Officer in 2021, and the plan to appoint a Data Analyst/Systems Officer, further increases the capacity to focus on performance more routinely.

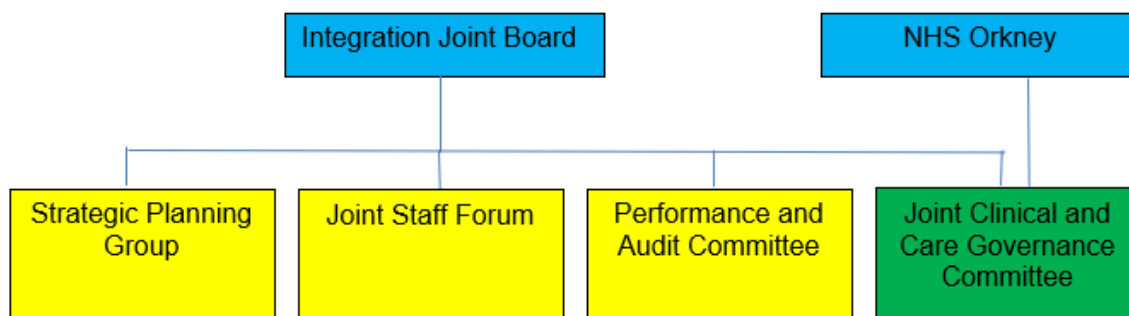
3.5. At present, the Board has no natural home for routine performance reporting. Having looked at the sub-structures of other Integration Joint Boards and discussed with the members of the Audit Committee, it is proposed that the remit of this committee is now expanded to include performance. A new Terms of Reference for a Performance and Audit Committee is attached as Appendix 1 to this report. The proposed changes, created with input from the Chair of the Audit Committee and the wider members, are highlighted in red for ease of reference.

3.6. Standing Order 23.1 of the Integration Joint Board states:

“The IJB may establish any Committee or Sub-Committee of its members for the purpose of carrying out such of its functions as the Board may determine. When the IJB establishes such a Committee or Sub-Committee, it must determine who will act as Chairperson of that Committee or Sub-Committee and must determine terms of reference including delegated authority for each.”

3.7. Accordingly, the Audit Committee is asked to endorse the proposal to expand the remit to include performance and the new Terms of Reference for the proposed Performance and Audit Committee.

3.8. If the recommended changes are approved by the Integration Joint Board at its meeting on 22 March 2022, then the structure below would reflect the sub-committees.



## 4. Contribution to quality

Please indicate which of the Orkney Community Plan 2021 to 2023 visions are supported in this report adding Yes or No to the relevant area(s):

<b>Resilience:</b> To support and promote our strong communities.	No.
<b>Enterprise:</b> To tackle crosscutting issues such as digital connectivity, transport, housing and fuel poverty.	No.
<b>Equality:</b> To encourage services to provide equal opportunities for everyone.	No.
<b>Fairness:</b> To make sure socio-economic and social factors are balanced.	No.
<b>Innovation:</b> To overcome issues more effectively through partnership working.	Yes.
<b>Leadership:</b> To involve partners such as community councils, community groups, voluntary groups and individuals in the process.	No.
<b>Sustainability:</b> To make sure economic and environmental factors are balanced.	No.

## 5. Resource and financial implications

5.1. There are no resource or financial implications associated with the recommendations in this report.

## 6. Risk and equality implications

6.1. There are no equality implications from this report, however, the proposed change to a Performance and Audit Committee will help address the ongoing risk of having no routine focus on performance information.

## 7. Direction required

Please indicate if this report requires a direction to be passed to:

NHS Orkney.	No.
Orkney Islands Council.	No.

## 8. Escalation required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.

## 9. Author and contact information

9.1. Stephen Brown (Chief Officer), Integration Joint Board. Email: [stephen.brown3@nhs.scot](mailto:stephen.brown3@nhs.scot), telephone: 01856873535 extension 2601.

## 10. Supporting documents

10.1. Appendix 1: Draft Terms of Reference – Performance and Audit Committee.

## Performance and Audit Committee Terms of Reference

### 1. Introduction

The Integration Joint Board **Performance and** Audit Committee is identified as a Committee of the Integration Joint Board (IJB).

The Committee will be known as the **Performance and** Audit Committee (PAC) of the IJB and will be a Standing Committee of the Board.

### 2. Constitution

The IJB shall appoint the Committee.

The Chair and Vice Chair of the IJB will not be eligible to be Audit Committee members.

The **Performance and** Audit Committee will consist of six members in total, of which four will be voting members of the IJB, two drawn from the NHS membership and two drawn from the Orkney Islands Council membership.

The remaining two places are open to any member of the IJB and the IJB will appoint these members through a process of expressions of interest followed, if required, by a voting process by the IJB voting members.

### Current Performance and Audit Committee Membership

Organisation	Name
Orkney Islands Council.	Councillor Steve Sankey (Chair). Councillor John Richards.
NHS Orkney.	Davie Campbell. Joanna Kenny.
Members:	Jim Lyon – Head of Children and Families, Criminal Justice and Chief Social Work Officer. Frances Troup – Head of Housing, Homelessness and Schoolcare Accommodation Service, OIC.
Professional Advisors	Chief Officer. Chief Finance Officer. <b>IJB Chief Internal Auditor.</b> <b>Head of Strategic Planning and Performance.</b> <b>(Newly added as previous iteration suggests CO etc will attend as required. Given the performance elements now added it will be important that officers are in attendance to provide context and help the committee explore the issues)</b>

### 3. Chair

The Chair of the Committee will be a voting member of the IJB drawn from the partner agency not currently holding the Chair of the IJB. **As per the Standing Orders, the Integration Joint Board will appoint the Chairperson of the Committee.**

### 4. Quorum

Three Members of the Committee will constitute a quorum, provided that there is at least one IJB voting representative from the Health Board and one from the Council.

### 5. Attendance at Meetings

The Chief Internal Auditor should normally attend meetings and the external auditor will attend at least one meeting per annum.

The Committee may **invite** additional members as required.

### 6. Meeting Frequency

The Committee will meet quarterly. **(this is a change as previous ToR was 'at least twice yearly')**. **There should be at least one meeting a year, or part thereof, where the Committee meets the external auditor and the Chief Internal Auditor without other seniors officers present. A clerk may still attend for the purpose of recording the meeting.** **Remove yellow text and replace with the following -**

**The Chief Internal Auditor will establish effective communication with, and have unfettered access to, the Chief Officer and the Chair and Vice Chair of the Committee in between times as required. The Chief Internal Auditor may meet with the Chair and Vice Chair of the Committee without other officers present, if that is felt necessary and appropriate. Administration support may still attend for the purpose of recording the informal meeting.**

### 7. Authority

The Committee is authorised to instruct further investigation on any matters which fall within its Terms of Reference. Where doing so would incur an additional cost to the IJB, **for example**, in terms of a requirement to purchase additional audit capacity **or commission an independent review**, the Committee must provide a report to the IJB on the reasoning behind the need for further investigation and request that the IJB identify funding to fulfil the activity.

### 8. Duties

The Committee will review the overall Internal Control arrangements of the Board and scrutinise the performance of services, ensuring effectiveness and Best Value.

Specifically, it will be responsible for the following duties:

- To receive and review quarterly performance reports on activity and outcomes. (NEW)
- To receive and review the findings of external Inspection reports related to registered services and monitor the progress of associated improvement plans. (NEW)
- To assure the IJB of progress and to highlight any service or delivery areas that may be causing concern. (NEW)
- To consider and approve self-evaluation priorities and scrutinise the outcome of these. (NEW)
- To receive and review the annual external audit plan on behalf of the IJB.
- To receive, review and approve the annual internal audit plan on behalf of the IJB.
- To agree and monitor the annual work programme of Internal Audit.
- To receive an annual report from the Chief Internal Auditor on the IJB's internal control environment.
- To consider matters arising from Internal and External Audit reports and actions taken on recommendations made.
- To monitor the adequacy and effectiveness of liaison between External and Internal Audit.
- To review on a regular basis action planned and taken by management to address improvement areas identified by Internal or External Audit.
- To consider national audit findings and recommendations and to review actions taken on recommendations made.
- To review risk management arrangements, receive annual risk management updates and reports, setting out the approach to risk management and the risk profile of the IJB.
- To ensure existence of and compliance with an appropriate Risk Management Strategy.
- To receive and approve the Annual Governance Statement for inclusion in the Annual Accounts.
- To receive and approve the Annual Accounts.
- To promote the highest standards of conduct by Board Members.
- To monitor and keep under review the Codes of Conduct maintained by the IJB.