



PERTH & KINROSS INTEGRATION JOINT BOARD

1 JULY 2016

ESTABLISHMENT OF AUDIT AND PERFORMANCE COMMITTEE

Report by Chief Officer

PURPOSE OF REPORT

The report seeks approval for the creation of an Audit & Performance Committee of the Integration Joint Board (IJB), agree its remit and powers and to seek nominations to this committee.

1. BACKGROUND

- 1.1 The Integrated Resources Advisory Group (IRAG), established by the Scottish Government to develop professional guidance, outlines the responsibility of the IJB to put in place good governance arrangements, including proportionate audit arrangements and annual financial statements which are compliant with good practice standards.

In order to comply with the regulations, it is proposed that the IJB establishes an Audit and Performance Committee as part of its governance arrangements.

2. REMIT, MEMBERSHIP AND MEETINGS

- 2.1 The Terms of Reference for the Audit and Performance Committee is proposed at Appendix 1 to this report.

The IJB is asked to agree a first Chair of the IJB Audit and Performance Committee. The appointment to the Chair will be carried out on a rotational basis with the term of office for a period of two years.

The Public Bodies (Joint Working) (Integration Joint Board) (Scotland) Order 2014 sets out that the committees Chair and membership must be appointed by the IJB. It must include voting members and must include an equal number of health board and local authority appointees on the IJB.

It is proposed that the IJB appoint the membership comprising 4 voting members (2 from NHS Tayside and 2 from Perth & Kinross Council) with an additional 2 members drawn from the wider membership of the Board.

It is important that the Audit and Performance Committee be able to demonstrate the appropriate level of scrutiny. Recognising that the chair of the IJB cannot be chair of the Audit and Performance Committee, it is further proposed that if the chair of the IJB is a Perth & Kinross Council Elected Member then the chair of the Audit and Performance committee be an NHS Tayside non-executive Board member.

The Standing Orders state that the IJB may establish any sub committees as may be required from time to time but with the exception of the Strategic Planning Group, each sub committee shall have a limited time span. It is recommended that the Standing Orders be amended to enable the Audit Committee to run without limit of time.

3. INTERNAL AUDIT ARRANGEMENTS

- 3.1 At its meeting on 6 November 2016, the IJB agreed the appointment of Tony Gaskin as Chief Internal Auditor of the IJB and Fife, Tayside and Forth Valley Audit and Management Services (FTF) as the IJB's Internal Auditors for 2015/16. The Board recognised the need for support from Perth and Kinross Council Internal Audit in assisting FTF in delivering the requirements. The Internal Audit Plan for 2015/16 was approved at the 23 March 2016 Board meeting along with the Internal Audit Report on Due Diligence. The Annual Report from Internal Audit is being considered in parallel to this report by the Board.

It is proposed that Tony Gaskin (as Chief Internal Auditor) and FTF be appointed for a further year.

The proposed Internal Audit Plan for 2016/17 is attached at Appendix 2. This has been agreed in discussion with the Chief Internal Auditor and the Chief Officer.

4. EXTERNAL AUDIT

- 4.1 At the IJB meeting on 6 November 2016, it was confirmed that Audit Scotland had been appointed to conduct the audit of Perth & Kinross IJB for 2015/16.

In April 2016, following a tendering exercise for the next five year cycle, the Accounts Commission have confirmed that KPMG have been appointed as external auditors of the IJB, in line with their appointment as external auditors to Perth & Kinross Council.

5. CONCLUSION AND RECOMMENDATIONS

- 5.1 It is recommended that the Integration Joint Board.
- (a) Agrees to establish an Audit and Performance Committee.
 - (b) Agrees the terms of reference as detailed in Appendix 1 to this report.
 - (c) Agrees to appoint the membership of the committee.
 - (d) Agrees to appoint the chair of the committee.
 - (e) Agrees to amend the Standing Orders to enable the Audit & Performance Committee to run without limit of time.
 - (f) Appoints Tony Gaskin as Chief Internal Auditor of Perth & Kinross IJB
 - (g) Appoints Fife, Tayside and Forth Valley Audit and Management Services (FTF) as the IJB's Internal Auditors for 2016/17.
 - (h) Endorse the 2016/17 Internal Audit Plan.
 - (i) Notes the appointment of KPMG as the IJB's External Auditors from 2016/17 for five years.

Contact Officer: Name: Jane Smith, Chief Finance Officer

Address of Service: Pullar House, 35 Kinnoull Street, Perth, PH1 5DG

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Appendix 1 Audit and Performance Committee Terms of Reference

Appendix 2 Proposed Internal Audit Plan for 2016/17

PERTH & KINROSS HEALTH AND SOCIAL CARE PARTNERSHIP AUDIT AND PERFORMANCE COMMITTEE TERMS OF REFERENCE

INTRODUCTION

1. The Audit and Performance 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. The Committee will be a Standing Committee of the IJB.

CONSTITUTION

2. The IJB shall appoint the Committee. The Committee will consist of not less than six members of the IJB, excluding professional advisors. At least four Committee members must be IJB voting members.
3. The Committee may at its discretion set up working groups for review work. Membership of working groups 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 and Performance Committee.

CHAIR

4. The Chair of the Committee will be a voting Member nominated by the IJB, noting that the Chair of the IJB cannot also chair the Audit and Performance Committee.

QUORUM

5. Four Members of the Committee will constitute a quorum.

ATTENDANCE AT MEETINGS

6. The Chief Officer, Chief Finance Officer, Chief Internal Auditor and other professional advisors or their nominated representatives will normally attend meetings. Other persons shall attend meetings at the invitation of the Committee.
7. The external auditor will attend at least one meeting per annum.

MEETING FREQUENCY

8. The Committee will meet at least three times each financial year.

AUTHORITY

9. The Committee is authorised to request reports and make recommendations to the IJB for further investigation on any matters which fall within its Terms of Reference.

DUTIES

10. The Committee will review the overall internal control arrangements of the IJB and make recommendations to the Board regarding signing of the Governance Statement.
11. Specifically it will be responsible for the following duties:

Performance / Best Value

- (i) The preparation and implementation of the strategy for Performance Review;
- (ii) Ensuring that the Chief Officer establishes and implements satisfactory arrangements for reviewing and appraising service performances against set objectives, levels and standards of service, to receive regular reports on these and to review progress against the outcomes in the Strategic Plan;
- (iii) Acting as a focus for Best Value and performance initiatives;
- (iv) Monitoring the performance of the Partnership towards achieving its policy objectives and priorities in relation to all functions of the IJB;

Governance

- (i) To review and approve the annual Internal Audit Plan on behalf of the IJB, receive reports and oversee and review progress on actions taken on audit recommendations and report to the IJB on these as appropriate;
- (ii) Receive monitoring reports on the activity of Internal Audit;
- (iii) To consider External Audit Plans and reports (including annual audit certificate / annual report), matters arising from these and management actions identified in response;
- (iv) Review risk management arrangements and receive regular risk management updates and reports.
- (v) Ensure existence of and compliance with an appropriate Risk Management Strategy.

Audit

- (i) To consider annual financial accounts and related matters before submission to and approval by the IJB;
- (ii) To be responsible for setting its own work programme which will include the right to undertake reviews following input from the IJB, other IJB Committees and the Chief Officer / Chief Financial Officer / Chief Internal Auditor;

Standards

- (i) Promoting the highest standards of conduct and professional behaviour by IJB members in line with The Ethical Standards and Public Life etc (Scotland) Act 2000;
- (ii) Assisting IJB Members in observing the relevant Codes of Conduct and;
- (iii) Monitoring and keeping under review the Codes of Conduct maintained by the IJB.

INTERNAL AUDIT PLAN 2016/17**1. PURPOSE OF THE REPORT**

The purpose of this paper is to seek approval of the Annual Internal Audit Plan for Perth & Kinross Integration Joint Board (IJB) for 2016/17.

2. RECOMMENDATIONS

The IJB is asked to:

- Approve the 2016/17 annual plan.

3. BACKGROUND

As stated in the IRAG guidance, it is the responsibility of the IJB to establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources. In November 2015, FTF (Fife, Tayside and Forth Valley Audit and Management Services) were appointed as the IJB's Internal Auditors for 2015/16. The IJB has been asked to approve this appointment for a further year.

Resources to deliver the plan will be provided by the NHS Tayside and Perth & Kinross Council Internal Audit services. 20 days have been included in the 2016/17 Internal Audit Plans for each party.

The draft operational plan for 2016/17 has been designed to target the priority issues identified by our assessment of risk. The plan includes the delivery of standard products required each year, addresses work required under the Financial Assurance Guidance and is further based on professional judgement of the IJB risk environment. We have also discussed the proposed plan with the Chief Officer and Chief Finance Officer to ensure the substantive audit assignments add value.

The proposed plan is set out below:

Ref	Audit	Indicative Scope
PK01-17	Audit Planning	Agreeing audit universe and preparation of strategic plan
PK02-17	Audit Management	Liaison with managers and Directors and attendance at Audit Committee
PK03-17	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment
PK04-17	Governance & Assurance	Ongoing support and advice on further development of governance and assurance structures, including issues identified as part of the annual report process

PK05-17	Due Diligence	Review/Validation of IJB post-implementation review
PK06-17	Delayed Discharges	Review of arrangements within the Partnership to plan, support and deliver an improvement in the level of hospital and community delays
PK07-17	Clinical & Care Governance	Management Consultancy Support to develop robust accountability, reporting and scrutiny routes across the Partnership and with NHS Tayside in respect of Clinical Care and Professional Governance

Work to deliver the internal audit plan is undertaken under the supervision of the Chief Internal Auditor. Through agreement between the Chief Executives of the Parties and the Chief Officer, a Joint Internal Audit Protocol will be developed setting out our shared working arrangements, including access to information held by the parties and reporting protocols.

The audit plan is designed to provide the Chief Internal Auditor with sufficient evidence to form an opinion on the adequacy and effectiveness of internal controls. Within the first year, we will identify areas for inclusion within the audit universe and develop a 3 year strategic audit plan congruent with the IJB's risk register.

4. CONSULTATION

The Chief Officer, the Chief Finance Officer and the Chief Internal Auditor of Perth & Kinross Council have been consulted on the content of this paper. The draft plan has also been issued to the IJB's external auditors for comment.

A Gaskin BSc ACA
Chief Internal Auditor