



<b>Meeting of East Renfrewshire Health and Social Care Partnership</b>	Integration Joint Board								
<b>Held on</b>	7 October 2015								
<b>Agenda Item</b>	7								
<b>Title</b>	Establishment of Performance and Audit Committee								
<b>Summary</b>									
<p>This paper proposes that the IJB establishes a Performance and Audit Committee. It sets out the proposed composition and draft remit for discussion. The paper also updates the IJB on internal and external audit arrangements.</p>									
<b>Presented by</b>	Candy Millard, Head of Strategic Services								
<b>Action Required</b>									
<p>It is recommended that the IJB:-</p> <ul style="list-style-type: none"> <li>▪ Create a Performance and Audit Committee, the remit and powers of which are set out in the report</li> <li>▪ Agree the composition of the committee</li> <li>▪ Appoint members of the committee</li> <li>▪ Note arrangements for internal and external audit for 2015/16</li> </ul>									
<b>Implications checklist – check box if applicable and include detail in report</b>									
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# **EAST RENFREWSHIRE HEALTH AND SOCIAL CARE PARTNERSHIP**

## **INTEGRATION JOINT BOARD**

**7 October 2015**

**Report by Julie Murray, Chief Officer**

### **ESTABLISHMENT OF PERFORMANCE AND AUDIT COMMITTEE**

#### **PURPOSE OF REPORT**

1. To create a Performance and Audit Committee of the Integration Joint Board (IJB) and agree its remit and powers.

#### **RECOMMENDATION**

2. It is recommended that the IJB:-
  - Create a Performance and Audit Committee, the remit and powers of which are set out in the report,
  - Agree the composition of the committee,
  - Appoint members of the committee,
  - Note arrangements for internal and external audit for 2015/16

#### **BACKGROUND**

3. At its last meeting the IJB considered a report on the Integration Scheme, Order and Scheme of Delegation. The IJB discussed the need to establish a Performance and Audit Committee, such a committee was necessary to provide assurance to the Board that governance, including financial performance was sound. The Strategic Plan recommended the establishment of a Performance and Audit Committee to:-
  - a. Ensure effective performance management systems are in place to evidence delivery of the organisation's key objectives, including the Strategic Plan.
  - b. Act as a focus for best value and service improvement.
  - c. Establish and review information governance and risk management arrangements.
  - d. Review the annual work programme of internal and external audit.
  - e. Ensure appropriate action is taken in response to audit findings.

#### **REPORT**

4. Given its responsibilities for budget expenditure, best practice within the Scottish Finance Manual dictates that an Audit Committee should be established to advise the IJB on internal control (including corporate governance) and audit matters. Such an Audit Committee should:-
  - a. Be a formal subcommittee of the IJB
  - b. Be under the chair of voting member other than the Chair of the IJB
  - c. Determine who will provide the internal audit service for the HSCP and appoint a Chief Internal Auditor
  - d. Confirm an external auditor to be met at least once a year
  - e. Require the Chief Officer, Chief Financial Officer and appointed Chief Internal Auditor to attend meetings (though not as members of the Performance and Audit Committee)

- f. Have written terms of reference
- g. Have a clear programme of work (i.e. an internal audit plan) and arrange its meetings to ensure effective delivery of that programme

### Remit

- 5. The proposed remit of the committee is to review the overall internal control arrangements of the Board and make recommendations to the Board regarding signing of the Governance Statement, having received assurance from all relevant Committees.
- 6. Specifically the committee will be responsible for the following:
  - The preparation and implementation of the strategy for performance review and monitoring the performance of the HSCP towards achieving its policy objectives and priorities in relation to all functions of the IJB;
  - Ensuring that the Chief Officer establishes and implements satisfactory arrangements for reviewing and appraising service performance against set objectives, levels and standards of service and the performance indicators and to receive regular reports on these and to review the outcomes;
  - Acting as a focus for value for money and service quality initiatives;
  - Reviewing and approving the annual audit plan on behalf of the IJB, receiving reports, overseeing and reviewing actions taken on audit recommendations and reporting to the Board;
  - Monitoring the annual work programme of internal audit;
  - Considering matters arising from internal and external audit reports;
  - Reviewing on a regular basis action planned by management to remedy weaknesses or other criticisms made by internal or external audit
  - Reviewing risk management arrangements, receiving annual risk management updates and reports.
  - Ensuring existence of and compliance with an appropriate risk management strategy.
  - Reporting to the IJB on the resources required to carry out performance reviews and related processes;
  - Considering annual financial accounts and related matters before submission to and approval by the IJB;
  - Ensuring that the senior management team, including heads of service, professional leads and principal managers maintain effective controls within their services which comply with financial procedures and regulations;
  - Reviewing the implementation of the Strategic Plan;
  - Setting its own work programme which will include the right to undertake reviews following input from the IJB and any other committees established by the IJB;
  - At its discretion setting up short term working groups for review work, membership of which 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 Performance and Audit Committee;
  - Promoting the highest standards of conduct by board members; and
  - Monitoring and keeping under review the Codes of Conduct maintained by the IJB.
  - Having oversight of information governance arrangements as part of the performance and audit process (to be confirmed).

## Membership

7. Membership of any committee established by the IJB must comprise an equal number of voting members from both the Health Board and the Council. It is proposed that the membership comprise 4 voting members (2 from the Health Board and 2 from the Council) with an additional 2 members drawn from the wider membership of the Board. Once established, it will be open to the committee to appoint additional co-opted members as it considers appropriate.
8. It is important that the Performance and Audit Committee be able to demonstrate the appropriate level of scrutiny. Recognising that the chair of the IJB cannot be the chair of the Performance and Audit Committee, it is further proposed that if the chair of the IJB is an NHSGGC Non Executive Member then the chair of the Performance and Audit Committee be an ERC Elected Member and vice versa.

## Attendance at meetings

9. In addition to the members of the committee, those persons in attendance at meetings will vary but in general will include the Chief Financial Officer, the Chief Internal Auditor and other professional advisors and senior officers as required. External audit or other persons shall attend meetings at the invitation of the Committee.

## Meeting Frequency

10. The Performance and Audit Committee will meet at least three times each financial year. There should be at least one meeting a year, or part thereof, where the committee meets the external and Chief Internal Auditor without other senior officers present.

## Audit arrangements

11. The national Integrated Resources Advisory Group recommends that:
  - a. The internal audit service should be provided by one of the internal audit teams from the Health Board or Local Authority.
  - b. The Chief Internal Auditor from the Health Board or Local Authority undertake this role for the Integration Joint Board in addition to their role as Chief Internal Auditor of their respective organisation.
12. Following discussion between the Chief Financial Officer, the Health Board Director of Finance and the Council Section 95 Officer it is proposed that the internal audit service for the Integration Joint Board be provided by East Renfrewshire internal audit and that the Council's Chief Auditor be appointed as Chief Internal Auditor for the Integration Joint Board.
13. It has been confirmed that the Accounts Commission is responsible for appointing external auditors for Integration Joint Boards and the Accounts Commission has appointed Audit Scotland to undertake this role. These appointments are for 1 year only as 2015/16 is the final year in the current round of audit appointments. New 5-year appointments will be made from 2016/17.
14. It should be noted that Audit Scotland have separately begun a national performance audit looking at the integration of health and social care services and are leading on an assessment of the progress made in implementing the reforms, working closely with the Care Inspectorate and Healthcare Improvement Scotland.

## **FINANCE AND EFFICIENCY**

15. The proposed Performance and Audit Committee will scrutinise the financial and efficiency performance and reporting on behalf of the Integration Joint Board.
16. The Chief Financial Officer will be responsible for providing assurance on the system of internal financial control to the Performance and Audit Committee on behalf of the Health Board and Council. That system of internal financial control would be based on a framework of regular management information, Financial Instructions, administrative procedures (including segregation of duties), management and supervision and a system of delegation and accountability. In doing this the Chief Financial Officer will be reliant on both the Health Board and Council's systems of internal control.
17. Costs for external audit are not yet quantified. Internal audit arrangements are not anticipated to attract an additional charge.

## **CONSULTATION**

18. The remit of the Committee has been prepared in consultation with the IJB's Chief Financial Officer.

## **IMPLICATIONS OF THE PROPOSALS**

### Staffing

19. None

### Property

20. None

### Legal

21. None

### IT

22. None

### Equalities

23. None

### Sustainability

24. None

## **CONCLUSIONS**

25. The IJB has recognised the need to establish a Performance and Audit Committee to provide assurance to the Board that governance, including financial performance is sound. A draft remit for the Committee has been prepared for consideration.

## **RECOMMENDATIONS/...**

## **RECOMMENDATIONS**

26. It is recommended that the IJB:-
- Create a Performance and Audit Committee, the remit and powers of which are set out in the report
  - Agree the composition of the committee
  - Appoint members of the committee
  - Note arrangements for Internal and external audit for 2015/16

## **REPORT AUTHOR AND PERSON TO CONTACT**

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## **BACKGROUND PAPERS**

### **KEY WORDS**

IJB; Performance, Audit;

A report detailing the establishment of a Performance and Audit Committee under the Integration Joint Board.