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## ANNUAL REPORT OF THE PERTH AND KINROSS INTEGRATION BOARD

### AUDIT AND PERFORMANCE COMMITTEE 2022-2023

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#### FOREWORD

This report is the Annual Report of the Perth & Kinross Integration Joint Board's Audit and Performance Committee (the Committee) and provides an overview of the Committee's activity during the year 2022-2023.

This report sets out how the Audit and Performance Committee provides the independence, questioning and thoroughness across a wide range of internal control, governance, finance and performance related matters. The work of the Committee is a technical and challenging role but undoubtedly is a crucial part in ensuring the success of the IJB's aims.

Therefore, it is important to formally recognise the commitment of the members of the Audit and Performance Committee, who are also members of the IJB, for their dedication and commitment to ensuring they deliver for the people of Perth and Kinross. Being a Committee Member brings additional workload, responsibilities as well as challenges with schedules. This is very much appreciated and acknowledged.

It is noteworthy and recognised that there are a range of skills, knowledge and experience that Audit and Performance Committee members bring to the Committee to fulfil its functions. This enhances the quality of scrutiny and discussion of reports at the meetings. No one committee member would be expected to be expert in all areas. The attendance of wider IJB members at some of the meetings provides further scrutiny and is very much welcomed and encouraged. Having a strong and committed Audit and Performance Committee is essential to ensure that the IJB can achieve its strategic aims and objectives efficiently.

Finally, it is also important to acknowledge the excellent work of Perth and Kinross Council's Committee Services into the production of papers that are submitted to the IJB and the running of the Committee generally.

Beth Hamilton

**Chair of the Audit and Performance Committee**

## BACKGROUND

The Audit and Performance Committee was established in 2016 to ensure that the Integration Joint Board met its responsibilities for governance under the Integrated Resources Advisory Group (IRAG) guidance.

The Terms of Reference include a requirement for the Audit and Performance Committee to 'provide the IJB with an annual report summarising its conclusions from the work it has done during the year and providing an opinion on the adequacy and effectiveness of the systems of internal control.' The Scottish Government also issues guidance stating that the provision of an annual report is consistent with good practice for 'Audit and Assurance Committees'.

## ROLE OF THE AUDIT AND PERFORMANCE COMMITTEE

The Audit and Performance Committee provides an independent and high-level resource to support good governance and strong financial management. It seeks to deliver independent assurance on the adequacy of the risk management framework and the associated internal control environment, the integrity of the financial and non-financial performance and oversees the financial reporting process.

The Committee's specific powers and duties are set out in the Terms of Reference as attached at Appendix 1. The Terms of Reference are reviewed on a regular basis.

## MEETINGS AND MEMBERSHIP

The Terms of Reference for the Audit and Performance Committee state that the Committee meet at least three times each financial year. In 2022-2023 the Committee met on three occasions in September, November 2022 and March 2023.

The Committee received and considered reports on the following areas of delegated authority from the IJB:

- Governance and Assurance
- Audit
- Performance
- Finance

During the financial year 2022/23, the Audit and Performance Committee comprised of two Non-Executive Directors from NHS Tayside, two Elected Members from Perth and Kinross Council and two Public Partners. The Committee was Chaired by NHS Tayside Non-Executive Director Beth Hamilton.

Further information on membership and attendance at meetings is attached at Appendix 2.

The specific work undertaken by the Committee is set out below:

## GOVERNANCE AND ASSURANCE

- The Audit and Performance Committee continued to review the adequacy and effectiveness of the systems and processes in place to manage the IJB's strategic risks via the consideration of a report on the strategic risk register at each meeting.
- Progress on the achievement of actions within the Partnership Improvement Plan were scrutinised by the Committee in September 2022 and March 2023. The Partnership Improvement Plan consolidates all improvement actions arising from internal and external audit recommendations, the annual review of governance and external inspections.
- The Committee received assurance reports in November 2022 and March 2023 in respect of the Clinical, Care and Professional Governance arrangements in place for delegated and hosted services commissioned by the IJB and managed by Perth and Kinross Health and Social Care Partnership.
- The Annual Governance Statement is usually considered and approved by the Audit and Performance Committee. However, due to local government elections taking place, this was not possible, so the draft [Annual Governance Statement](#) was approved by the IJB in June 2022 for inclusion in the Unaudited Annual Accounts.
- 18 actions were identified in the AGS in 2022-23 to strengthen governance arrangements. Of these, 8 have been fully completed with the rest remaining on the Partnership Improvement Plan. The Partnership Improvement Plan.
- Reliance is placed on the IJB's partners systems of internal control and as such, assurance was provided in September 2022 to the IJB via the Audit and Performance Committee that effective and adequate governance arrangements were in place with Perth and Kinross Council, NHS Tayside, Dundee and Angus IJBs.
- The Audit and Performance Committee discuss the annual work plan for the financial year at each of their meetings. This is attached at appendix 3 for reference.

## AUDIT

### INTERNAL AUDIT ASSURANCE

Internal Audit is a key source of assurance for Committee Members and the Executive Management Team on the effectiveness of the internal control environment. Key activities during 2022-23 include:

- The Audit and Performance Committee approved the risk based Internal Audit Plan for 2022-2023 at its meeting in September 2023. The plan took account of the IJB's objectives, risk and performance management arrangements.
- The following specific assignments were highlighted for review during 2022-2023:

Reference	Title	Indicative Scope
PKIJB 22-01	Leadership Capacity	To act as 'critical friend' for the Chief Officer in the review of leadership capacity.

PKIJB 22-02	Sustainability of commissioned service providers	To review the sustainability of commissioned service providers.
PKIJB 22-03	Premises and Property	To provide assurance over the risks arising from premises and property which support the delivery of services on behalf of the IJB.

- Progress reports on the delivery of the Audit Plan were received by the Committee at each of its meetings in 2022-23.
- One assignment has been deferred until later in 2023, due to resource availability to support this review. The remaining planned assignments have commenced and will be delivered to the Committee in October 2023.
- An Annual Assurance Statement on the overall adequacy and effectiveness of the framework of governance, risk management and control in place during 2022-2023 was provided by the Chief Internal Auditor to the Audit and Performance Committee in June 2023 as part of the Annual Report.
- In the Chief Internal Auditor’s opinion, reasonable reliance can be placed on the IJB’s risk management, governance arrangements and systems of internal control for 2022-2023, subject to management implementation of the agreed actions detailed in Internal Audit reports.

## EXTERNAL AUDIT ASSURANCE

External Audit is an essential part of the process of providing assurance for public funds providing an independent opinion on the financial statements , aspects of governance and overall financial management. Audit Scotland were appointed as external auditors in 2023 for a five-year period.

Key activities during 2022-23 include:

- The Annual Audit Plan of Perth and Kinross IJB for 2022-2023 was presented to the Audit and Performance Committee by Audit Scotland in March 2023. Audit Scotland provided the Committee with a summary of the work plan for their 2022-2023 external audit.
- The audit of the IJB’s financial statements for 2022-2023 is ongoing at the moment and is expected to be received by the Audit and Performance Committee in October 2023. Consequently, this reduces the assurance that can be taken at the current time until this is delivered.

## PERFORMANCE

- The Audit and Performance Committee received progress reports on the key national indicator set designated by the Scottish Government at each of its meetings in 2022-2023.
- Strategic delivery plans for Care Groups have been approved by the IJB which are closely aligned to the Financial Plan and the Workforce Plan. During 2022-2023 the Committee received key performance indicator reports for the strategic delivery plans concerning

Community Mental Health & Wellbeing and Learning Disability & Autism. A key performance indicator report will come forward to each Audit and Performance Committee meeting for each of the care group strategic delivery plans.

- In September 2022, the Audit and Performance Committee received and approved the IJB's Annual Performance Report which demonstrated the progress towards the IJB's strategic objectives. The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to publish an Annual Performance Report setting out an assessment of performance in respect to those functions for which it has responsibility.

## FINANCE

- The Audit and Performance Committee considered Financial Position reports in September and November 2022 and in March 2023. These reports provided the Committee with the opportunity to scrutinise and to be assured that effective and accurate budgeting and in-year forecasting is in operation.
- The IJB's Unaudited Annual Accounts for 2021-22 were approved by the IJB in June 2022 rather than the Audit and Performance Committee, as is usual practice. This was due to local elections having taken place and new Committee Members from Perth and Kinross Council not being officially appointed at that point in time. The IJB duly approved the draft Annual Accounts.
- The Committee approved the signing of the letter of representation by senior management attesting to the external auditor that the financial statements and internal controls are accurate and that all information has been disclosed in the annual accounts.

## CONCLUSION BY THE CHAIR OF THE AUDIT AND PERFORMANCE COMMITTEE

Based on the reports received by the Audit and Performance Committee during the year and the work demonstrated above, I, and the Committee Members, are of the view that appropriate steps have been taken by the Audit and Performance Committee to perform its delegated duties and fulfil its remit detailed in the Terms of Reference and that there are no significant issues to raise to the Integration Joint Board arising from the work in 2022-2023.

Beth Hamilton

**Chair of the Audit and Performance Committee**

### Appendices

- 1 Terms of Reference
- 2 Membership and Attendance 2022-23
- 3 Annual Work Plan 2022-23



## AUDIT & PERFORMANCE COMMITTEE

### TERMS OF REFERENCE

#### Introduction

1. The Audit & Performance Committee (the 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 shall be considered as an integral part of the Standing Orders. The Committee shall be a standing Committee of the IJB.

#### Purpose

2. The Committee shall provide independent assurance on the adequacy of the risk management framework, the internal control environment, and the integrity of the financial reporting and annual governance processes. The Committee shall scrutinise performance and best value arrangements.

#### Authority

3. The Committee is a decision-making committee which will include the approval of the Annual Audit Plan. The Committee is authorised to request reports and to make recommendations to the IJB for further investigation on any matters that fall within its Terms of Reference. The Committee will scrutinise and approve the draft unaudited accounts and the final audited accounts prior to submission to the IJB for information.

#### Membership

4. The IJB shall appoint the Committee. Membership must consist of an equal number of voting members from Perth & Kinross Council (the Council) and NHS Tayside (the NHS). The Committee shall comprise two voting members from the Council, two voting members from the NHS and two non-voting members from the IJB. The Chair of the IJB cannot be a member of the Audit & Performance Committee.
5. Any member of the IJB can attend the Audit & Performance Committee.
6. Members of the IJB, or their proxies or substitute members, may substitute for members of the Committee who represent the same organisation or group.

#### Chair

7. The Chair of the Committee shall be a voting member nominated by the IJB.
8. In the absence of the Chair, the Committee shall elect a voting member as Chair for the purposes of that meeting.

#### Quorum

9. Three members of the Committee shall constitute a quorum. At least two members present at a meeting of the Committee shall be voting members.

#### Meetings

10. Meetings of the Committee shall be conducted in accordance with the Standing Orders of the IJB.
11. The Committee shall meet at least three times each financial year.

12. The Chief Officer, Head of Finance and Corporate Services, Chief Internal Auditor, Head of Health, Head of Adult Social Work and Social Care, Chief Social Work Officer, P&K HSCP Associate Medical Director and other professional advisors or their nominated representatives shall normally attend meetings. Other persons shall attend meetings at the invitation of the Committee.
13. The External Auditor shall attend at least one meeting per annum. At the end of each meeting of the Audit & Performance Committee there will be an opportunity on request for a private discussion with the external and Chief Internal Auditors without other senior officers present.

### **Reporting**

14. The Committee shall provide the IJB with an annual report summarising its conclusions from the work it has done during the year and providing an opinion on the adequacy and effectiveness of the systems of internal control. The Committee shall review its own effectiveness yearly through self assessment against its duties and report the results to the IJB.
15. The Chair of the Committee, or, in his/her absence, a nominated member, shall provide updates on the work of the Committee at each meeting of the IJB.

### **Duties**

16. The Committee shall review the overall internal control arrangements of the IJB and make recommendations to the IJB regarding signing of the Governance Statement.
17. It shall be responsible for the following duties:

#### **17.1 Performance/Best value/Scrutiny**

- To prepare and implement the strategy for Performance Review
- To ensure that the Chief Officer establishes and implements satisfactory arrangements for reviewing and appraising service performance 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
- To monitor progress and review updates on various pieces of work across the Health & Social Care system on behalf of the IJB, particularly in relation to the Strategic Planning & Commissioning Board and its underpinning Strategy Groups To ensure that quarterly performance reporting to the Audit & Performance Committee takes place utilising a core data set linked to the 6 Ministerial Steering Group (MSG) Performance Indicators and the 20 National Indicators
- To act as a focus for best value and performance initiatives and provide assurance on Best Value
- To scrutinise self evaluation documentation and inspection reports prior to submission to external inspectors
- To review reports of external inspections of health and social care services
- To maintain oversight of the Partnership's performance in statutory functions such as complaints handling, freedom of information and participation requests

#### **17.2 Governance**

- 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
- To receive monitoring reports on the activity of Internal Audit
- To consider External Audit Plans and reports (including annual audit certificate/ annual report), matters arising from these and management actions identified in response
- To monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the Partnership's exposure to the risks of fraud and corruption.

- To review assurances provided from NHS Tayside and Perth & Kinross Council as to the effectiveness of their governance arrangements and systems of internal controls including Clinical Care Governance
- To review on a regular basis the implementation of actions agreed by management to remedy weaknesses identified by Internal or External Audit
- To consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other Organisations
- To ensure the existence of and compliance with an appropriate Risk Management Strategy
- To be satisfied that the Integration Joint Board's annual assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it and demonstrate how governance supports the achievement of the authority's objectives

### **17.3 Audit**

- To scrutinise and approve the draft unaudited annual accounts and the final audited annual accounts prior to submission to the IJB for information. To review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by the external audit
- To be responsible for setting its own work programme, which shall include the right to undertake reviews following input from the IJB Committees and the Chief Officer, Chief Financial Officer and Chief Auditor
- In relation to the Partnership's internal audit functions:
  - a) oversee its independence, objectivity, performance and professionalism
  - b) support the effectiveness of the internal audit process
  - c) promote the effective use of internal audit within the assurance framework
  - d) To support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies and encourage the active promotion of the value of the audit process
  - e) To provide oversight of other public reports, such as the annual report

### **17.4 Standards**

- To promote the highest standards of conduct and professional behaviour by IJB members in line with The Ethical Standards and Public Life etc (Scotland) Act 2000
- To assist IJB members in observing the relevant Codes of Conduct
- To monitor and keep under review the Codes of Conduct maintained by the IJB

**Perth & Kinross Integration Joint Board  
Audit & Performance Committee**



**Record of Attendance 1 April 2022 - 31 March 2023**

**Members**

Name	Designation	Organisation	27 Jun 22	26 Sep 22	28 Nov 22	13 Mar 23
Beth Hamilton	Non Executive Director	Non Executive Director		PRESENT	PRESENT	PRESENT
Martin Black	Non Executive Director	Non Executive Director				PRESENT
Bernie Campbell	Carer's Representative	Public Partner		PRESENT	PRESENT	APOLOGIES
Councillor David Illingworth	Elected Member	Perth & Kinross Council		PRESENT	PRESENT	PRESENT
Councillor Sheila McCole	Non Executive Director	Perth & Kinross Council		PRESENT	PRESENT	PRESENT
Donald McPherson	Non Executive Director	NHS Tayside		PRESENT		
Sandy Watts	Third Sector Forum	Public Partner		PRESENT	PRESENT	PRESENT

**In Attendance**

Name	Designation	Organisation	27 Jun 22	26 Sep 22	28 Nov 22	13 Mar 23
Jane Smith	Chief Financial Officer	P&K HSCP		PRESENT	PRESENT	
Bob Benson	IJB Chair			PRESENT		
Jacquie Pepper	Chief Officer	P&K HSCP			PRESENT	PRESENT
Hamish Dougall	Associate Medical Director	P&K HSCP			PRESENT	PRESENT
Phil Jerrard	Governance & Risk Coordinator	P&K HSCP		PRESENT	PRESENT	PRESENT
Marc Grant	Finance Team Leader	P&K HSCP		PRESENT	PRESENT	PRESENT
Scott Hendry	Team Leader (Committee Services)	Perth & Kinross Council		PRESENT	PRESENT	
Adam Taylor	Assistant Committee Officer	Perth & Kinross Council		PRESENT		PRESENT
Magda Pasternack	Corporate and Democratic Services	Perth & Kinross Council		PRESENT		PRESENT
Audrey Brown	Corporate and Democratic Services	Perth & Kinross Council		PRESENT		PRESENT
Donna Mitchell	Interim Chief Finance Officer	P&K HSCP				PRESENT
Jackie Clark	Chief Internal Auditor	Perth & Kinross Council		PRESENT	PRESENT	PRESENT
Michael Wilkie	External Auditor	KPMG		PRESENT		
Carol Batchelor	External Auditor	KPMG		PRESENT		
Moira Bruce	External Auditor	Audit Scotland				PRESENT
Chris Jolly	Service Manager	P&K HSCP		PRESENT	PRESENT	PRESENT
Kenny Ogilvy	Acting Head of Service ASWSC Operations	P&K HSCP			PRESENT	PRESENT
Zoe Robertson	Acting Head of Service ASWSC Commissioning	P&K HSCP		PRESENT	PRESENT	PRESENT
Lyndsay Hunter	IJB Member			PRESENT	PRESENT	PRESENT
Stuart Hope	IJB Member			PRESENT		
Karyn Sharp	North Locality Manager	P&K HSCP		PRESENT		
Mark Dickson	Clinical Governance Coordinator	P&K HSCP		PRESENT	PRESENT	
Dave Henderson	IJB Member					PRESENT
Amanda Taylor	Senior Service Manager	P&K HSCP		PRESENT		
Chris Lamont	Senior Service Manager	P&K HSCP				PRESENT

Meeting Cancelled



**PERTH & KINROSS INTEGRATION JOINT BOARD**  
**AUDIT AND PERFORMANCE COMMITTEE**  
**WORK PLAN 2022/23**

This work plan outlines the major items the Audit and Performance Committee has to consider as part of its schedule of work for the year. This should allow the Committee to fulfil its terms of reference. It will continue to be kept under review throughout the year.

Item	Standing Item	Non Standing Item	Responsibility	June 27 <sup>th</sup> 2022	September 26 <sup>th</sup> 2022	November 28 <sup>th</sup> 2022	March 13 <sup>th</sup> 2023	
<b>Governance and Assurance</b>								
Strategic Risk Management Update	✓		Chief Officer	✓	✓	✓	✓	
Partnership Improvement Plan / Audit Recommendations Update		✓	Chief Officer	✓	✓		✓	
Internal Audit Annual Report and Assurance Statement		✓	Chief Internal Auditor	✓ <sup>1</sup>				
Internal Audit Reports 2021/22:				<b>Meeting Cancelled</b>				
• Primary Care Improvement Plan PKIJB 21-02		✓	Chief Internal Auditor				✓ <sup>2</sup>	✓
Internal Audit Reports 2022/23:		✓	Chief Internal Auditor					
• Leadership Capacity PKIJB 22-01 <sup>3</sup>		✓	Chief Internal Auditor					
• Sustainability of Commissioned Service Providers PKIJB 22-02		✓	Chief Internal Auditor					
• Premises and Property PKIJB 22-03 <sup>4</sup>		✓	Chief Internal Auditor					
Internal Audit Strategy and Plan 2022/23		✓	Chief Internal Auditor			✓		
Internal Audit Plan Progress Report	✓		Chief Internal Auditor			✓	✓	✓
External Audit Strategy		✓	External Auditor					✓
External Audit – Proposed Audit Fee 2022/23		✓	Interim CFO					✓
External Audit Annual Report 2021/22		✓	External Auditor			✓		
Appointment of External Auditor 2022/23 to 2026/27		✓	HOFCS			✓		
<b>Performance</b>								
Financial Position	✓		HOFCS/Interim CFO		✓	✓	✓	✓
Progress Report - Key National Indicator Set	✓		Chief Officer		✓	✓	✓	✓
Annual Performance Report		✓	Chief Officer		✓			

**Meeting Cancelled**

<sup>1</sup> Considered at IJB meeting 27/6/22

<sup>2</sup> 'Draft Final' report

<sup>3</sup> Target Committee June 2023

<sup>4</sup> Target Committee June 2023

Item	Standing Item	Non Standing Item	Responsibility	June 27 <sup>th</sup> 2022	September 26 <sup>th</sup> 2022	November 28 <sup>th</sup> 2022	March 13 <sup>th</sup> 2023
<b>Annual Accounts</b>							
Annual Governance Statement		✓	HOFCS	<b>Meeting Cancelled</b>			
Unaudited Annual Accounts 2021/22		✓	HOFCS				
Audited Annual Accounts 2021/22		✓	HOFCS			✓	
Letter of Representation to External Audit		✓	HOFCS			✓	
Assurances Received from Partners		✓	HOFCS			✓	
<b>Clinical and Care Governance</b>							
Clinical & Care Governance Risk Escalation Report	✓		Chief Officer		✓		
Clinical & Care Governance Assurance	✓		Chief Officer			✓	✓
<b>For Information</b>							
Audit & Performance Committee Record of Attendance	✓		For information	✓	✓	✓	✓
Audit & Performance Committee Work Plan	✓		For information	✓	✓	✓	✓

<sup>5</sup> Considered at IJB meeting 27/6/22

<sup>6</sup> Considered at IJB meeting 27/6/22