11 September 2019

A meeting of the **Audit and Performance Committee of the Perth and Kinross Integration Joint Board** will be held in **the Council Chamber, 2 High Street, Perth, PH1 5PH** on **Monday, 16 September 2019** at **09:30**.

If you have any queries please contact Adam Taylor on (01738) 475163 or email Committee@pkc.gov.uk.

Gordon Paterson
Chief Officer/Director – Integrated Health & Social Care

Those attending the meeting are requested to ensure that all electronic equipment is in silent mode.

Please note that the meeting will be recorded and will be publicly available on the Integration Joint Board pages of the Perth and Kinross Council website following the meeting.

Members
Councillor Callum Purves, Perth and Kinross Council (Chair)
Councillor Eric Drysdale, Perth and Kinross Council
Lorna Birse-Stewart, Tayside NHS Board
Pat Kilpatrick, Tayside NHS Board
Bernie Campbell, Carer Public Partner

Audit and Performance Committee of the Perth and Kinross Integration Joint Board
Monday, 16 September 2019

AGENDA

1   WELCOME AND APOLOGIES/SUBSTITUTES

2   DECLARATIONS OF INTEREST
        Members are reminded of their obligation to declare any financial
        or non-financial interest which they may have in any item on this
        agenda in accordance with the Perth and Kinross Integration Joint
        Board Code of Conduct.

3   MINUTES OF PREVIOUS MEETINGS

3.3   MATTERS ARISING

4   GOVERNANCE AND ASSURANCE

4.1   STRATEGIC RISK MANAGEMENT UPDATE
          Report by Chief Financial Officer (copy to follow)

AUDIT AND PERFORMANCE COMMITTEE OF THE PERTH AND KINROSS INTEGRATION JOINT BOARD

Minute of Meeting of the Audit and Performance Committee of the Perth and Kinross Integration Joint Board (IJB) held in the Council Chambers, Ground Floor, Council Building, 2 High Street, Perth on Tuesday 18 June 2019 at 2.00pm.

Present: Councillors C Purves (Chair) and E Drysdale (both Perth and Kinross Council) and B Campbell, Carer Public Partner.

In Attendance: R Peat, Tayside NHS Board, NHS Tayside; G Paterson, Chief Officer; J Smith, Chief Financial Officer; D Mitchell and P Jerrard (both Perth and Kinross Health and Social Care Partnership); A Taylor, Democratic Services, Perth and Kinross Council; T Gaskin, Chief Internal Auditor, Perth and Kinross IJB; and J Clark, Chief Internal Auditor, Perth and Kinross Council.

Apologies: Ms L Birse-Stewart, Tayside NHS Board; D Fraser, H Dougall, E Devine, A Wood and M Rapley (all Perth and Kinross Health and Social Care Partnership).

1.   WELCOME AND APOLOGIES

Councillor Purves welcomed all those present to the meeting and apologies were submitted and noted as above.

2.   DECLARATIONS OF INTEREST

In terms of the Perth and Kinross Integration Joint Board Code of Conduct, Councillor E Drysdale declared a non-financial interest in Item 5.1 on the agenda as Convener of the Perth and Kinross Council Audit Committee.

3.   MINUTES OF PREVIOUS MEETING

3.1   MINUTE OF MEETING OF THE AUDIT AND PERFORMANCE COMMITTEE OF 19 FEBRUARY 2019

The minute of meeting of the Audit and Performance Committee of the Perth and Kinross Integration Joint Board of 19 February 2019 was submitted and approved as a correct record.

Councillor Purves advised that it was the intention that future minutes of the meetings of the Audit and Performance Committee be more detailed moving forward in line with other Audit Committees to capture the essence of the conversation rather than just recording the decisions taken. It is hoped that this will allow interested parties, including any member who may have sent apologies, a fuller understanding of the business discussed.

He further advised that this reflects a recommendation from the 2018/19 Annual Internal Audit Report.

3.2 ACTION POINTS UPDATE

The Action Point Update (Report G/19/97) from the meeting of 19 February 2019 was submitted and noted.

3.3 MATTERS ARISING

R Peat made reference to the development sessions arranged for IJB members and sought some clarity around these. He commented that it would be helpful to have a shared understanding of what the topics of these development sessions would be and requested that any paper work produced either before or during the sessions could be sent out to members.

Councillor Drysdale advised that he was happy to hear confirmation from the Chief Officer that an increased focus on the performance aspect of this committee will happen as we move forward, and reiterated the need for this after referencing the agenda for this meeting as having several papers but none about actual performance reporting.

In response, Councillor Purves stated that it was intended that papers on the OPUSC and Primary Care Boards were to be on the agenda for this meeting but advised that unfortunately these were not ready in time.

J Smith added that each Programme Board is currently at a different stage of development but advised that it was intended that a number of performance reports on these various Boards would be on the agenda for the September meeting of this Committee. Further to this Councillor Purves advised that he would like an update from each locality to come to this Committee, at least once per year, on how these are currently performing.

4. GOVERNANCE AND ASSURANCE

4.1 INTERNAL AUDIT REPORT ON STRATEGIC PLANNING

There was submitted a report by the Chief Internal Auditor (G/19/95) evaluating whether appropriate systems were in place and operating effectively to mitigate risks to the achievement of the services objectives as detailed in the Strategic Plan.

The Chief Officer expressed his thanks to the auditors for their report which has proved very helpful to him in identifying quite clearly some of the challenges that exist. He provided assurance to the members that the IJB were now embarking on a programme to deliver a new strategic plan which will be co-produced with communities, stakeholders and strategy groups which will provide the partnership with a strategic direction for the coming three years. He further advised it was hoped that the new strategic plan would be delivered to the IJB at its meeting in September.

In response, Councillor Purves commented that although it would have been good to have delivered the strategic plan on time there have been some benefits to the delay in that the draft that had been produced was able to benefit from more engagement with members and the wider public.

Resolved:
The contents of Report G/18/33 be noted.

4.2 STRATEGIC RISK MANAGEMENT

There was submitted a report by the Chief Financial Officer (G/19/98) updating on progress in managing the high level IJB Strategic Risk Management Profile.

Councillor Drysdale made reference to the risk register and queried whether the due date of treatment action 6 should read 2020 instead of 2019. The Chief Financial Officer confirmed that this was indeed a typo and would get this rectified on the risk register.

Resolved:
(i)   The reduction in the Finance Risk score and the further actions identified be noted.
(ii)   It be noted that a full update of the Strategic Risk Profile for all other areas will be undertaken to ensure a 'golden thread' between the plan to improve the arrangements in place to deliver the objectives of the IJB and the reduction in overall risk exposure.

4.3 TRANSFORMATION GOVERNANCE ACTION PLAN 2018-19

There was submitted a report by the Chief Financial Officer (G/19/99) updating on the progress of the Transforming Governance Action Plan 2018/19.

Councillor Purves made reference to the use of Directions and queried how the recent workshops that had been arranged for officers had gone. In response the Chief Financial Officer advised that it was intended to hold one workshop for officers with a further workshop organised for members, however the workshop for members was subsequently postponed to enable a session on the Strategic Plan to be held. She further advised that a briefing note has been produced on the use of Directions which will be issued with the agenda and papers for the next meeting of the IJB as this will be the first time that the IJB will be formally asked to consider any Directions issued.

R Peat made reference to Action Point 13 – Review of the Clinical Care and Professional Governance Approach and noted that this was marked as complete and queried whether a date had been arranged for the first meeting of the Clinical Care and Professional Governance Committee. In response the Chief Officer confirmed that he was in the process of arranging a meeting with Councillor Stewart as Chair of the Committee, Hamish Dougall and Jacqui Pepper in order to progress this.

Resolved:

(i) The progress of the Transforming Governance Action Plan 2018/19 be noted.

(ii) It be noted that outstanding actions will be incorporated in the wider Partnership Improvement Plan moving forward.

4.4 UPDATE: AUDIT RECOMMENDATIONS

There was submitted a report by the Chief Financial Officer (G/19/100) providing an progress update on the implementation of all internal and external audit recommendations arising since the formal inception of the Integration Joint Board on 1 April 2016.

Resolved:

The progress made to date on implementing agreed recommendations be noted.

4.5 MINISTERIAL STRATEGIC GROUP FOR HEALTH AND COMMUNITY CARE 'REVIEW OF PROGRESS WITH INTEGRATION OF HEALTH & SOCIAL CARE – PERTH & KINROSS IJB SELF ASSESSMENT'

There was submitted a report by the Chief Officer (G/19/101) presenting the Ministerial Strategic Group for Health and Community Care "Review of Progress with Integration of Health & Social Care – P&K IJB Self Evaluation".

Councillor Drysdale expressed his thanks for the clarity and readability of the report. He referenced Key Feature 1 – Collaborative Leadership and Building Relationships on page 56 of the report and queried who provides the IJB and the HSCP with any legal advice required. In response the Chief Officer confirmed that in relation to the organisation of the IJB the administration of the work and compliance with the integration scheme, support is provided by Legal Services from Perth and Kinross Council, he further advised that with regards to any delegated or hosted services there will be occasions where advice will be sought from the Legal Office of NHS Tayside in relations to the functions we perform, commission or deliver on their behalf.

Councillor Drysdale also made reference to Key Feature 2 – Integrated Finance and Financial Planning on page 62 of the report and queried whether the number of joint discussions that have taken place around budget-setting and financial recovery planning in 2018-19 involving Chief Executives and Senior Finance colleagues were multi-lateral or bi-lateral. In response the Chief Financial Officer confirmed that these were joint meetings which proved very productive in putting the financial recovery at the heart of the discussions and for the first time having a truly integrated discussion.

Resolved:

(i) The results of the self-evaluation exercise within the attached template, Appendix 1 to Report G/19/101, be noted.

(ii) It be noted that the Integration Joint Board Management Team include the key actions set out in the self-assessment as part of its wider Partnership Improvement Plan.

4.6   18-22 – INTERNAL AUDIT REPORT

There was submitted a report by the Chief Internal Auditor, Perth and Kinross Council (19/159) on an audit to ensure that the Council has adequate arrangements in place for implementation of the Carers (Scotland) Act 2016.

Resolved:
Internal Audit's findings, as detailed in Report 19/159, be noted.

4.7   APPOINTMENT OF INTERNAL AUDITORS 2019/20 – 2021/22

There was submitted a report by the Chief Financial Officer (G/19/102) seeking approval of the proposed Internal Audit Arrangements for the Integration Joint Board for 2019/20 for a period of 3 years.

Resolved:
(i)   The appointment of Jackie Clark as Chief Internal Auditor be approved.
(ii)   Perth and Kinross Council Internal Audit Services and Fife, Tayside and Forth Valley Internal Audit Services be approved as the Integration Joint Board's Internal Auditors for 2019/20 for a period of 1 year.

4.8   CHIEF INTERNAL AUDITORS ANNUAL REPORT AND ASSURANCE STATEMENT 2018/19

There was submitted a copy of the Chief Internal Auditor's Annual Internal Audit Report 2018/19 (G/19/96) for the Perth and Kinross Integration Joint Board. T Gaskin, Chief Internal Auditor, provided the Board with a summary of the report.

Councillor Drysdale queried whether there is an actual memorandum of understanding for hosted services exists. In response the Chief Financial Officer confirmed there is currently no formally agreed memorandum of understanding in place, she further advised that a draft memorandum of understanding exists and we are currently working with informal mechanisms for the sharing of information with the exception of financial information where a formal mechanism does exist.

Resolved:
The contents of Report G/19/96, and the Chief Internal Auditor's conclusion that reliance can be placed on the IJB's governance arrangements and systems of internal controls for 2018/19, be noted.

5.   DRAFT ANNUAL ACCOUNTS 2018/19

5.1   ANNUAL GOVERNANCE STATEMENT

There was submitted a report by the Chief Financial Officer (G/19/103) seeking approval of the Annual Governance Statement for financial year 2018/19 which provides assurance as to the effectiveness of the Integration Board's governance framework and in particular the system of internal control.

Resolved:

(i)   The 2018/19 Annual Governance Statement be approved.

(ii)   It be agreed that a letter to the Chairs of NHS Tayside and Perth and Kinross Council Audit Committee be issued confirming that adequate and effective governance arrangements were in place through the Perth and Kinross Integration Joint Board during the year 2018/19.

5.2   UNAUDITED ANNUAL ACCOUNTS 2018/19

There was submitted a report by the Chief Financial Officer (G/19/104) presenting the Unaudited Annual Accounts for the financial year 2018/19 in accordance with the Local Authority Accounts (Scotland) Regulations 2014.

Resolved:

The Unaudited Accounts be approved and passed to the Integration Joint Board for their consideration.

6.   PERFORMANCE

6.1   2018/19 FINANCIAL STATEMENT

There was submitted a report by the Chief Financial Officer (G/19/105) Providing an update on the year-end outturn for 2018/19.

Resolved:

(i)   The overall year-end overspend of £1.160m for Perth and Kinross Integration Joint Board for 2018/19 be noted.

(ii)   It be noted that the overspend compares to a gap of £0.920m in the Board's approved Financial Plan for 2018/19.

(iii)   It be noted that the overspend compares to a £4.200m forecast overspend before implementation of recovery plan actions.

(iv)   It be noted that NHS Tayside (NHST) and Perth & Kinross Council (PKC) has allocated additional budget of £0.319m and £0.841m respectively to allow the Board to break-even in line with the Integration Scheme.

(v)   It be noted that for core health and social care services, savings of £4.802m have been delivered against a target of £5.325m. The in year gap of £0.523m will reduce to £0.311m on a full year basis.

(vi)   It be noted that earmarked reserves of £2.470m will be carried forward to meet future year commitments in relation to a number of Scottish Government priority areas for investment.

6.2   CORPORATE PERFORMANCE FRAMEWORK

The Chief Financial Officer provided a verbal update on the Corporate Performance Framework. She advised that the first corporate performance report was submitted to the last meeting of the Committee and provided the group with an overview of the discussions and changes that have been implemented since.

She advised that with the establishment of the new Clinical Care and Professional Governance Committee any complaints that were more detailed in nature would now be submitted to this Committee for necessary scrutiny.

She further advised that it was proposed that an Annual Corporate Performance report will be submitted to the Audit and Performance Committee in September which will provide an outline of any Freedom of Information requests received; any IJB level complaints received; and a report on any participation requests received.

The group noted the position.

7.   DATE OF NEXT MEETING

Monday 16 September 2019 at 9.30am.

8.   PRIVATE DISCUSSION

A private discussion took place as necessary between the members of the Committee.

AUDIT AND PERFORMANCE COMMITTEE OF THE PERTH AND KINROSS INTEGRATION JOINT BOARD

Minute of Special Meeting of the Audit and Performance Committee of the Perth and Kinross Integration Joint Board (IJB) held in the Council Chambers, Ground Floor, Council Building, 2 High Street, Perth on Monday 29 July 2019 at 12.30pm.

Present: Councillors C Purves (Chair) and E Drysdale (both Perth and Kinross Council), P Kilpatrick, Tayside NHS Board and B Campbell, Carer Public Partner.

In Attendance: Councillor C Stewart; G Paterson, Chief Officer; J Smith, Chief Financial Officer; J Pepper, Chief Social Work Officer; D Fraser, H Dougall, E Devine, M Rapley, S Strathearn and F Johnstone (all Perth and Kinross Health and Social Care Partnership); M Summers, Carer Public Partner; S Hendry and A Taylor, both Democratic Services, Perth and Kinross Council.

Apologies: R Peat and L Birse-Stewart, both Tayside NHS Board.

Councillor Purves, Chair.

1.   WELCOME AND APOLOGIES

Councillor Purves welcomed all those present to the meeting and apologies were submitted and noted as above.

2.   DECLARATIONS OF INTEREST

There were no Declarations of Interest made in terms of the Perth and Kinross Integration Joint Board Code of Conduct.

IN TERMS OF STANDING ORDER 5.3, THE CHAIR RULED THAT THE FOLLOWING ITEM SHOULD BE CONSIDERED AS A MATTER OF URGENCY

3.   ANNUAL PERFORMANCE REPORT 2018/19

There was submitted a report by the Chief Officer (G/19/126) presenting the Annual Performance Report for the Partnership for the year 2018/19 which sets out the performance against the national health and wellbeing outcomes as well as the progress made towards the achievement of the Partnership's ambitions as outlined within the Strategic Commissioning Plan 2016-2019.

Resolved:
(i)   The Annual Performance Report 2018/19 as set out in Appendix 1 of Report G/19/126 be approved.
(ii)   The progress made towards achieving the aims outlined within the Strategic Commissioning Plan 2016-2019 be noted.

Action Points Update 16 September 2019
Perth & Kinross IJB – Audit and Performance Committee

Ref.	Min. Ref.	Meeting	Action	Responsibility	Timescale	Revised Timescale	Update/Comments
37	4.1	06/03/18	Governance & Accountability Arrangements – Reporting structure, including high level summary of role & remit and reporting arrangements as agreed/endorsed formally by the IJB to be prepared.	Chief Officer	16 September 2019	-	Complete - A one page document which clearly defines the governance structure of the Partnership has been distributed to IJB members. This document shows the reporting structure and routes which have been formally agreed and endorsed by the IJB.
29	4.1	19/06/18	The Chief Officer to provide a further update at the next meeting on progress with a training and development plan and performance for IJB members.	Chief Officer	16 September 2019	February 2019	This action has been carried forward to the overall PKHSCP improvement plan and has been formally within this and will be monitored through this moving forward. This will therefore be removed from these action points.
36.	6.5	19/2/19	Audit Scotland Report – 'Health and Social Care Update on Progress' – The self Assessment carried out by the PKHSCP Executive Management Team on progress set against the recommendations be submitted to a future Committee meeting for review.	Chief Officer	30 September 2019	-	This action has been carried forward to the overall PKHSCP improvement plan and will be monitored through this moving forward. This will therefore be removed from these action points.
38.	6.4	19/2/19	The Chief Officer to seek formal agreement from Perth and Kinross Council and NHS Tayside on the risk sharing arrangements for 2019/20.	Chief Officer	16 September 2019	-	Discussions with Chief Executives of NHST and PKC are ongoing.

PERTH AND KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

16 SEPTEMBER 2019

AUDIT RECOMMENDATIONS UPDATE

Report by Chief Financial Officer (Report No. G/19/139)

PURPOSE OF REPORT

This report provides the Audit & Performance Committee with progress on the implementation of all internal and external audit recommendations arising since the formal inception of the Integration Joint Board (IJB) on 1st April 2016.

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1. **BACKGROUND**

    It is best practice for Audit Committees to receive regular updates on progress in implementation of audit recommendations. A full review has therefore been undertaken on all internal and external audit recommendations since inception of the IJB on 1st April 2016. Resources have now been put in place to ensure this is updated on a regular basis.

2. **UPDATE / SUMMARY OF FINDINGS**

    In terms of progress against recommendations, the follow up work undertaken indicates the following:

Status	
Complete	22
Not Yet Due	5
Overdue	4
Ongoing	1
Total	**32**

There have been two audits completed since the last report to this Committee:

- Annual Internal Audit Report 2018/2019
- Internal Audit Report on Strategic Planning (Report no. PK05/18 incorporating PK06/18)

Nine new recommendations have been identified from these two audits and these have been incorporated into this update.

Appendix 1 lists all recommendations either overdue, not yet due, completed or ongoing since the last report to this Committee.

Appendix 2 lists all recommendations which are complete and have been previously reported as complete to this Committee.

3.   RECOMMENDATION

The Audit & Performance Committee are asked to note the progress made to date on implementing agreed recommendations**.**

Author(s)

Name	Designation	Contact Details
Jane M Smith	Chief Financial Officer	janemsmith@nhs.net 01738 459556 07966 875713

PERTH & KINROSS INTEGRATION JOINT BOARD

Overall Action Ref	Internal or External	Report Type	Financial Year	Report Action Ref	Context / Recommendation	Action	All Leads	To be completed by	Status	Days overdue	Latest Update
8	External	Annual Report	2015-16	4	The board should develop and agree key performance measures to be used in monitoring performance against its strategic objectives.	Work is on-going to agree key performance measures.	HSCP Executive Management Team	31/03/19	Complete	169 days	Quarterly HSCP Performance Reporting will come to the Audit & Performance Committee from September 2019.
24	Internal	Annual Report	2017-18	2	The Executive Management Team has replaced the Transformation Board as the key forum to oversee development and implementation of the service redesign required to deliver Strategic Plan objectives. We have been informed that the 3 year Financial plan which is planned for September 2018 will clearly set out by Care Programme the Transformation Proposals and financial implications. This will sit alongside Strategic Delivery Plans for each Care Group which will link transformation plans to strategic objectives and thus provide an overall picture.	Each of the Strategic Boards will have the responsibility for the development of a three year plan that ensures delivery of objectives	HSCP Executive Management Team	31/03/19	Overdue	169 days	The Older People and Unscheduled Care Board has agreed an outline strategic delivery plan has ensured a direct link between the strategic plan and the 3 Year Financial Plan. Implementation of a significant programme of transformation is now being overseen by the OPUSC Board working closely with locality managers to ensure effective implementation across localities. The further development of Strategic Delivery Plan for all Care Programmes linked to the refreshed will be a key improvement action for 2019/20.
26	Internal	Annual Report	2017-18	4	We would recommend that, in future, the A&PC provides a year-end report to the IJB with a conclusion on whether it has fulfilled its remit and its view on the adequacy and effectiveness of the matters under its purview. It may also be helpful at this time of year for the Committee to reflect on any matters of concern for future consideration.	To review the role and remit for the A&PC and take forward a self evaluation which will inform an annual report for 2018-19	Chief Financial Officer	31/03/19	Complete		An Annual Report from the Audit & Performance Committee was formally considered by the IJB at its meeting in June 2019.
27	Internal	Annual Report	2017-18	5	No formal directions were issued for 2017/18.	To identify and issue directions for 2017-18, and take proactive steps to ensure any future directions are issued as appropriate.	Chief Officer	**28/02/19**	Complete	-	Training has been provided and Directions are now being issued as required and a Directions log now established.
32	External	Annual Report	2017-18	3	The IJB should progress workforce planning to identify and address potential skills gaps.	Development of workforce plans will be a key priority for each Care Programme Board.	Chief Officer	31/03/19	Overdue	169 days	The Chief Officer is undertaking a review of the management structure and corporate support. This will be critical in ensuring PKHSCP can take forward development of a workforce plan during 2019/20. This is a key improvement action carried forward to 2019/20.
33	Internal	Annual Report	2018-19	1	Taking account of the considerable duplication between the outcomes of the organisation's governance self assessment, our findings and those of the MSG, as well as the Audit Scotland HSCI report; where possible, all relevant findings from these reviews should be collated and monitored through a single SMART action plan.	All relevant findings from MSG report, Audit Scotland, etc to collated and monitored through a single SMART action plan.	Chief Officer	30/09/19	Not yet due	-	A SMART action plan is being developed for the September 2019 Audit & Performance Committee meeting.

PERTH & KINROSS INTEGRATION JOINT BOARD

Overall Action Ref	Internal or External	Report Type	Financial Year	Report Action Ref	Context / Recommendation	Action	All Leads	To be completed by	Status	Days overdue	Latest Update
34	Internal	Annual Report	2018-19	2	The IJB should be provided with assurance that sufficient capacity and organisational structure is in place to support the planned work.	Consideration to be given to allocating Corporate Support resources and capacity and the provision of greater clarity and accountability through restructure.	Chief Officer	31/03/20	Not yet due	-	
35	Internal	Annual Report	2018-19	3	Any changes in governance processes arising fromthe governance assessment process should be incorporated into the next updates of Standing Orders, Scheme of Delegation and Standing Financial Instructions.	Standing Orders, Scheme of Delegation and Standing Financial Instructions to be amended as necessary	Chief Financial Officer	30/09/19	Not yet due	-	
36	Internal	Annual Report	2018-19	4	Good governance principles should be applied to ensure that the IJB and A&PC minutes and papers provide a full and accurate account of the business undertaken and the assurances and challenges at each meeting. Documentation should be sufficiently detailed to ensure members receive sufficient information to identify key issues and areas of concern.	Consideration to more detailed minutes will be given.	Secretary to the Board	30/09/19	Complete	-	
37	Internal	Annual Report	2018-19	5	Reporting on transformational change to the IJB should reflect its importance to the IJB, focused on providing an overall picture of progress and risks to delivery.	The Strategic Delivery Plans for each Care Programme Board will set out programmes of transformation and progress will be provided through regular reporting on each programme to the Board. Individual transformation Business Cases will be b/f to the IJB.	Chief Officer	Ongoing	Ongoing	-	
38	Internal	Annual Report	2018-19	6	We would recommend a clearer link between the organisation's highest financial and strategic risks and reporting received. Whilst not recorded as a strategic risk to the organisation at the time of our report, Inpatient Mental Health Services clearly represents a complex challenge to the organisation but has not featured prominently in the business of the IJB and A&PC during 2018/19.	A schedule of reporting on Inpatient Mental Health Services to the IJB will be developed and agreed with the Chair/Vice Chair. Strategic Risk concerning Inpatient Mental Health to be developed and updated on IJB's Strategic Risk Register.	Chief Officer	30/06/19	Overdue	78 days	
39	Internal	Annual Report	2018-19	7	It is not clear how P&K IJB will receive assurance on services hosted by the other two Tayside IJBs as they relate to its citizens. We have recommended that risk & performance management arrangements should be included in any further work on the implementation of the Hosted Services Memorandum of Understanding.	A schedule of reporting on services hosted by Dundee and Angus IJB's will be agreed with the Chair/Vice Chair.	Chief Officer	30/06/19	Overdue	78 days	
41	Internal	Strategic Planning PK05/18 (Inc. PK06/18)	2018-19	1	a) The Strategic Plan should be completed identifying key objectives and priorities consistent with the workforce development	• Strategic Plan to be completed. • Strategic Planning Group to be taken into account in reviewing the Strategic Plan with sufficient	Chief Officer	30/09/19	Not yet due	-	Our new Strategic Commissioning Plan is currently being developed and will be finalised at the end of September 2019. During July 2019 we have undertaken comprehensive engagement with the people who live in Perth & Kinross to better inform

PERTH & KINROSS INTEGRATION JOINT BOARD

Overall Action Ref	Internal or External	Report Type	Financial Year	Report Action Ref	Context / Recommendation	Action	All Leads	To be completed by	Status	Days overdue	Latest Update
					plans, financial sustainability planning operation plans and ehealth capacity. b) As the national Strategic Commissioning Plan Guidance section 37 requires that the views of the Strategic Planning Group are taken into account in the review of the strategic commissioning plan, sufficient time should be provided to stakeholders including the SPG for engagement. provided for stakeholders engagement including the SPG and the PK IJB. c) SPG minutes of meetings should be available on the HSCP shared information site to evidence the group's input.	engagement with this group having taken place. • Strategic Planning Group minutes of meetings to be available on HSCP Share information site to evidence input into the Strategic Plan.					the content and priorities which will be core to the new Strategic Commissioning Plan. HSCP Sharepoint site currently being reviewed but SPG minutes will be regularly uploaded here.
42	Internal	Strategic Planning PK05/18 (Inc. PK06/18)	2018-19	2	The new Strategic Plan should clearly set-out the decisions and processes required to achieve long-term financial sustainability, setting out the implications for output and quality. These should include overt consideration how the savings identified nationally from Large-hospital set-aside can be delivered and how those savings should be utilised.	The investment and disinvestment implications of further priorities identified in the refreshed Strategic Plan to be considered in detail by each of the Programmes of Care and fed into the ongoing 3 Year Financial Planning process.	Chief Officer	30/09/19	Not yet due	-	

PERTH & KINROSS INTEGRATION JOINT BOARD
COMPLETED RECOMMENDATIONS

Overall Action Ref	Internal or External	Report Type	Financial Year	Report Action Ref	Context / Recommendation	Action	All Leads	To be completed by	Status	Days overdue	Latest Update
23	Internal	Annual Report	2017-18	1	In addition to the next steps set out in the March 2018 Governance paper, we would recommend that the A&PC consider the governance principles adopted by the Health & Social Care Integration (HSCI) Governance working group and ensure that they are taken forward within the IJB, in partnership with both parent bodies.	Identify the governance principles adopted by the HSCI Governance Working Group, and ensure these are taken forward within the IJB. These principles should also clearly link to the strategic boards.	Chief Officer	1st April 2019	Complete		The HSCI Governance Principles have been included as part of the Self Assessment Process undertaken to support the IJB Annual Governance Statement for 2018/19 in order that we can provide assurance or otherwise that these are embedded in our governance arrangements. .
31	External	Annual Report	2017-18	2	We recommend that the partners formally agree the approach for overspends on an annual basis in advance of the financial year on which agreement is sought.		Chief Officer	31/03/19	Complete		Complete for 2018/19. Further discussion required in relation to 2019/20.

AUDIT & PERFORMANCE COMMITTEE

16 September 2019

INTERNAL AUDIT STRATEGY & PLAN 2019/20 & 2018/19 PROGRESS UPDATE

Report by Chief Internal Auditor (Report No. G/19/141)

PURPOSE OF REPORT

The purpose of this report is to seek approval of the Annual Internal Audit Plan for Perth & Kinross Integration Joint Board.

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1. **BACKGROUND**

   Internal Audit, as defined in the Public Sector Internal Audit Standards (PSIAS), is an independent, objective assurance and consulting activity designed to add value and improve the effectiveness of an organisation's operations. It helps the Integration Joint Board (IJB) to accomplish its objectives by bringing a systematic, disciplined approach to the evaluation and improvement of risk management, control and governance processes.

   The PSIAS require the Chief Internal Auditor to prepare a risk based Internal Audit Plan (the Plan) setting out the team's annual work programme. The Plan should take account of the IJB's objectives, risk and performance management arrangements.

   As stated in the Scottish Government's Integrated Resources Advisory Group (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. Perth & Kinross Council's Chief Internal Auditor was appointed as Chief Internal Auditor for the IJB in June 2019.

   Resources to deliver the plan will be provided by the Perth & Kinross Council and NHS Tayside Internal Audit services. A total of 40 days have been included in the 2019/20 Internal Audit Plans of the statutory partners.

2.   APPROACH

The strategy for Internal Audit is to deliver a risk based Internal Audit service by designing planned activity around the key risks to the IJB achieving its objectives. Internal Audit also aims to add value to the organisation by ensuring that there is appropriate and enabling risk management, governance and controls in place.

In order to ensure compliance with the PSIAS requirement of undertaking an annual risk assessment, a review of the arrangements which have been put in place for the identification and assessment of risks has been undertaken. In addition, evidence provided to support the Annual Governance Statement has been examined and the submission to the Ministerial Steering Group has also been reviewed.

The Health & Social Care Partnership has recently been subject to external inspection. Whilst the report is not currently available, the outcomes from this review may influence the direction of some elements of Internal Audit activity within the year and also the scoping of those reviews already identified for inclusion within the Internal Audit Plan.

The Plan also takes account of the assurances which can be provided to the IJB based on work performed under the Internal Audit plans of both Perth & Kinross Council and NHS Tayside (Item 8.3).

3.   PLANNED INTERNAL AUDIT ACTIVTY

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. The Plan for 2019/20 has been designed to target the priority issues and risks identified during the course of the review outlined in section 2 above.

In addition to the specific assignments, resources will be allocated to undertake the planning and management of the Internal Audit service, along with supporting the work of the Audit & Performance Committee of the IJB. This will include the provision of the Annual Report, as required by PSIAS, and ensuring the adequacy of the implementation of agreed audit actions.

The following specific assignments have been highlighted for review during the year:

Reference	Title	Indicative Scope
PKIJB 19-01	Financial Risks	To provide assurance over the consideration of the financial risks for the Partnership, including engagement with statutory partners.
PKIJB 19-02	Performance Management	To review arrangements in place for the adequacy and effectiveness of the measurement and reporting of performance

PKIJB 19-03	Improvement Actions	To review the arrangements in place for the consolidation of improvement actions; the efficiency and effectiveness of their completion and the ensuing reporting arrangements.

In addition to the specific assignments listed above, the Chief Internal Auditor will continue to work with the Chief Officer and Chief Financial Officer following the publication of the Joint Inspection report, where resources permit, to ensure the adequacy of governance, risk management and internal control.

Work to deliver the Plan will be undertaken through a Joint Working Protocol agreed by the Chief Internal Auditors of both statutory partners.

4. RECOMMENDATION

The Audit & Performance Committee is asked to approve the Internal Audit Strategy and Plan for 2019/20.

5. CONSULTATION

The Chief Officer and Chief Finance Officer have been consulted on the content of this paper.

Author(s)

Name	Designation	Contact Details
J Clark	Chief Internal Auditor	InternalAudit@pkc.gov.uk

APPENDICES

1. Internal Audit Plan

Appendix 1

2019/20								
	Audit	**Indicative Scope**	**Target Audit Committee**	**Planning commenced**	**Work in progress**	**Draft Issued**	**Completed**	**Grade**
N/A	Audit Planning	Agreeing audit universe and preparation of strategic plan	Sept 2019	✓	✓	✓	✓	**N/A**
N/A	Audit Management	Liaison with managers and Directors and attendance at Audit & Performance Committee	Ongoing	**Ongoing**				**N/A**
	Annual Internal Audit Report	CIA's annual assurance statement to the IJB and review of governance self-assessment	June 2020					
PKIJB 19-01	Financial Risks	To provide assurance over the consideration of the financial risks for the Partnership, including engagement with statutory partners.	Feb 2020					
PKIJB 19-02	Performance Management	To review arrangements in place for the adequacy and effectiveness of the measurement and reporting of performance	Feb 2020					
PKIJB 19-03	Improvement Actions	To review the arrangements in place for the consolidation of improvement actions; the efficiency and effectiveness of their completion and the ensuing reporting arrangements.	Feb 2020					

	Audit	Indicative Scope	Target Audit Committee	Planning commenced	Work in progress	Draft Issued	Completed	Grade
Previous Years' Plans								
2017/18								
PK04-18	Risk Management	Review of systems of risk management, assessment of risk maturity and consideration of assurance mechanisms for key controls	Dec-17	✓	✓	✓	✓	**N/A**
PK05-18	Strategic Planning	Review of production and update of the Strategic Plan, development of local delivery plans including stakeholder engagement and partnership working.	Mar-18	Agreed to combine these reviews		✓	✓	
PK06-18	Corporate Support & Capacity Review	The scope of this audit is to review the proposed process for updating support arrangements and to ensure that any attendant risks are fully reflected within the IJB Risk register as necessary. A more detailed scope which may include aspects such as organisational and management structures, including for hosted services, will be discussed in detail and agreed with management.	Sep-17					
2018/19								
PK04-19	PK07-17 follow-up	Follow-up of Internal Audit Report PK07-17 which highlighted a number of areas relating to Clinical and Care Governance, including those in relation to hosted services, to ensure actions have been implemented and to take into account events subsequent to the issue of that report.	Feb-19	✓	✓	✓	✓	
PK05-19	Performance management	Accurate, relevant and reliable reporting against strategic plan objectives and core integration indicators. Compliance with DL 2016 (05) - Guidance for Health and Social Care Integration Partnership Performance Reports	Feb-19	In order to avoid any duplication of audit effort and scrutiny arising from the Joint Inspection, this assignment was not taken forward within the year. this assignment will be superseded by assignment PKIJB 19-02, included within 2019/20 Internal Audit Plan				**N/A**
PK07-19	Information Governance	Extension of testing within parent bodies' IA plans to ensure assurance systems adequately cover IJB Information Governance and GDPR.	Feb-19	✓	✓	✓	✓	

PERTH AND KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

16 SEPTEMBER 2019

EU EXIT PREPAREDNESS

Report by Chief Officer (Report No. G/19/142)

PURPOSE OF REPORT

The purpose of the report is to update the Audit and Performance committee on current progress and contingency arrangements in relation to planning for the exit from the European Union and the potential impacts on operational delivery within the Health and Social Care Partnership and links to local resilience partnership and parent bodies NHS Tayside and Perth and Kinross Council.

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1.   **RECOMMENDATION(S)**

It is recommended that the Audit and Performance committee:

(i)   Note the progress of the Health and Social Care Partnership contingency planning to date in preparing to leave the European Union and the impact assessments completed to date.

(ii)   Further instruct future reporting to the Integration Joint Board/Audit and Performance Committee through the Chief Officer to demonstrate further contingency planning arrangements and developments in line with Government timelines surrounding European Union exit planning.

2.   **SITUATION/BACKGROUND / MAIN ISSUES**

The report outlines the impact assessments that have currently being undertaken within the Health and Social Care Partnership to outline potential risk areas and contingencies in place to mitigate the current risks.

EU Exit reporting is currently in place in the Health and Social Care Partnership but also working collaboratively with colleagues in NHS Tayside and Perth and Kinross Council.

3. PROPOSALS

3.1 CONTINGENCY PLANNING

- EU Exit Leads within the Health and Social Care Partnership have prepared plans to support the parent bodies and organisational arrangements to ensure services run as smoothly as possible during the EU transition and exit period. It is unclear fully what the impacts may be but risk assessments currently undertaken relate to vulnerable returners from the EU, workforce and supplies shortages such as fuel, medical equipment and drugs.

3.2 VULNERABLE RETURNERS

- Vulnerable Returners are the potential UK citizens who may return from EU countries due to the implications of EU Exit such as the withdrawal of the reciprocal healthcare scheme (vulnerable returners).
- There is a high level of uncertainty regarding the potential disruption and its severity. It should be noted that any disruption may add additional strain to services, some of which are already operating in a challenging financial and resource environment. Increased demand on services from individuals may occur which are likely to be elderly and many with complex care needs.
- This may increase expenditure due to a sudden increase in the requirements for care at home/complex care. People may lack knowledge on how to access services so may contact emergency services or present at MIU (Minor Injury Unit)/A&E units. We are currently working with colleagues to ensure early conversations with GP practices so we may identify vulnerable returners early.
- We are working locally with GPs to help identify appropriate services/access through GP cluster groups and locality management groups.

3.3 WORKFORCE/SETTLED STATUS SCHEME

- Workforce implications regarding retaining existing staff (EU citizens employed within the Health and Social Care Partnership that may wish to leave the UK), and recruitment of staff (reduced number of trained staff in certain disciplines/professions if EU citizens living the UK decide to leave)
- Perth & Kinross Health and Social Care Partnership is wholly committed to ensuring that our EU staff and their families have access to up-to-date information, support and advice in preparation for withdrawal from the European Union on 31st October, 2019.   In order to assist employers, Scottish Government has produced a Stay in Scotland package to help those who wish to remain in Scotland and Nicola Sturgeon, the First Minister, has written a letter to EU Citizens. The Scottish Government have also launched a marketing campaign which seeks to make EU citizens aware that they need to apply to the UK Government EU

Settlement Scheme if they want to continue living in Scotland after EU exit with social media activity encouraging use of the hashtag, #stayinscotland.

- EU Employees can contact their Manager, local HR representative and Staff Side Representative for further information and information has been cascaded to staff through a Vital Signs update for NHST employees.
- The Government have also provided funding for the Citizen's Advice Bureau to set up a free national advice line to help EU citizens

3.4   CURRENT MITIGATIONS ACROSS THE HEALTH AND SOCIAL CARE PARTNERSHIP INCLUDE:

- Ensuring that parent organisations and the Health and Social Care Partnership continue to communicate to our workforce, the value that we place in EU citizens living and working in the UK.
- Current identification of staff that may fall into this bracket and proactively linking with them around Settled Status Scheme.
- Ensure our developing integrated workforce plans take into account possible EU Exit implications. If required, accelerate opportunities for generic working across the Partnership to allow sustainability in certain community care settings e.g. Care at Home, Care Homes and Health Care Assistants within community and in-patient environments.
- Ongoing discussions/updates at Health and Social Care Partnership Integrated Management Team meetings.

3.5   DISRUPTION TO SUPPLIES AND SERVICE DELIVERY

Disruption to service delivery and risks to patient care and patient safety may be affected by disrupted supplies of:

- Medicines, medical devices, clinical consumables, fuel and foodstuffs. This may also result in increased costs if different supplies require to be used. Stockpiling supplies and equipment by NHS Tayside / Perth & Kinross Council.
- Ensuring procurement arrangements are able to respond to a sudden requirement to reach agreement with a new supplier for essential supplies or equipment. Place procurement, estates, soft facilities, nuclear medicine on shared drive once complete.
- If there was a disruption to fuel supplies there would be a need to activate the Fuel Contingency Plan locally and identify and prioritise key staff groups requiring fuel to attend patients. Consider joint travel arrangements where possible as per Winter Planning approach
- Liaison with NHST re Clinical Advisory Roles: medically led decision making frameworks to support prioritisation of medicine use where need outstrips demand, ensuring that those medicines available are targeted to patients with greatest clinical need. Advise Primary Care colleagues once NHS Tayside process confirmed.

3.6 LOCAL MITIGATION/ARRANGEMENTS

- Local coordination processes adopted and key leads appointed to feed the PKC/NHST processes which feeds locally the P&K Local Resilience Partnership as part of Civil Contingencies Plan.
- Update existing Health and Social Care Partnership Business Continuity Plans to include details and local planning regarding EU Exit and ensure all services understand emergency lock down arrangements for local hospital sites/GP practices
- Standing items on all Health and Social Care Partnership Integrated Management Team meetings and service/team operational meetings/locality management meetings.
- Teams/services to identify their most vulnerable groups of people and note the increasing residual impact on this group on health needs and responses.

4. CONCLUSION

The Audit and Performance committee are asked to note the content of the report and understand the potential impact of EU Exit on current service delivery and note current impact assessment processes in place and contingency planning being undertaken across the Health and Social Care Partnership and parent organisations.

The full impact of EU Exit may not be known until 12 weeks following the EU withdrawal agreement as it is unclear how many people will choose to leave the UK and how many vulnerable returners we may need to support.
The conclusion therefore this is a fluid situation which will require further contingency planning once the EU arrangements are agreed and in the following 12 week period to monitor increases and decreases in people returning to or leaving the EU.

Authors

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PERTH AND KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

16 SEPTEMBER 2019

AUDIT & PERFORMANCE COMMITTEE WORK PLAN 2019/20

Report by Chief Financial Officer (Report No. G/19/143)

PURPOSE OF REPORT

This report seeks to present the Work Plan for 2019/20 to the Audit and Performance Committee for review and consideration on whether it provide adequate coverage to allow the Audit & Performance Committee to fulfil its core functions as detailed in its Terms of Reference.

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1. **RECOMMENDATIONS**

   It is recommended that the Perth and Kinross Integration Joint Board (IJB) Audit & Performance Committee-

   1.1 Consider whether the Work Plan for 2019/2020 as attached at Appendix 2 provides sufficient scope to ensure that all aspects of core functions as detailed in the Committee's Terms of Reference are adequately reported.

   1.2 Approve the Work Plan for 2019/2020.

2. **BACKGROUND**

   2.1 The Audit and Performance Committee originally considered its Terms of Reference in 28th October 2016. They were further reviewed on 17th January 2017 and approved for ratification by the IJB on 3rd February 2017.

   2.2 The Terms of Reference were further reviewed and approved on 30th November 2018.

   2.3 The Terms of Reference are attached at Appendix 1.

   2.4 As per the attached Work Plan the Committee's Terms of Reference are due to be reviewed again in February 2020.

3. CONCLUSION

3.1 This work plan has been prepared to ensure that the Committee's core functions as detailed in the Terms of Reference (Appendix 2) are adequately reported during 2019/20.

3.2 It is acknowledged that this current work plan of reports is prepared part way through the 2019/2020 financial year but is indicative of future work plans that will be prepared for the Audit and Performance Committee to consider and approve prior to the start of each financial year.

Author(s)

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APPENDIX

1. **Perth & Kinross IJB Audit & Performance Committee Terms of Reference**
2. **Perth & Kinross IJB Audit & Performance Committee Work Plan 2019/20**

Appendix 1

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.

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.

Revised 30 November 2018   1

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, Chief Financial Officer, Chief Internal Auditor, Head of Health, Head of Adult Social Work and Social Care, Chief Social Work Officer, Associate Director/Mental Health Services, 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 four underpinning Strategic Programmes of Care Boards (Older People and Unscheduled Care Board, Mental Health & Wellbeing Board, Primary Care Board and the Carers Board)

- To ensure that quarterly performance reporting to the Audit & Performance Committee from the Strategic Programmes Of Care Boards 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 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 consider the annual financial accounts and related matters before submission to and approval by the IJB

- 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 AND PERFORMANCE COMMITTEE
WORK PLAN 2019/20

Appendix 2

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 fulfill its terms of reference. It will continue to be kept under review throughout the year.

Item	Standing Item	Non Standing Item	Responsibility	June 18th 2019	July 29th 2019[1]	Sept 16th 2019	Dec 2nd 2019[2]	Feb 2nd 2020
Governance & Assurance								
Strategic Risk Management	✓		Chief Financial Officer	✓		✓		✓
Transforming Governance Action Plan		✓	Chief Financial Officer	✓	████	████	████	████
Improvement Plan	✓		Chief Officer				✓	✓
Audit Recommendations Update	✓		Chief Financial Officer	✓		✓		✓
Internal Audit Annual Report and Assurance Statement		✓	Chief Internal Auditor	✓				
Appointment of Internal Auditors 2019/20		✓	Chief Financial Officer	✓				
Internal Audit Reports:								
• Risk Management		✓	Chief Internal Auditor				✓	
• Financial Risks PKIJB 19-01		✓	Chief Internal Auditor					✓
• Performance Management PKIJB 19-02		✓	Chief Internal Auditor					✓
• Improvement Actions PKIJB 19-03		✓	Chief Internal Auditor					✓
Internal Audit Plan 2018/19		✓	Chief Internal Auditor			✓		
Internal Audit Plan 2019/20[3]		✓	Chief Internal Auditor			✓		
Internal Audit Plan 2018/19 Progress Report		✓	Chief Internal Auditor			✓		
Internal Audit Plan 2019/20 Progress Report		✓	Chief Internal Auditor					✓
Audit & Performance Committee Forward Plan[4]		✓	Chief Officer			✓		

Version 4 (September 2019 Audit & Performance Committee)

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[1] Annual Performance Report will be considered as part of a special A&PC meeting on this date
[2] Provisional Development Session tbc
[3] Internal Audit Plan for 2020/21 will come to June 2020 meeting
[4] Forward Plan for 2020/21 will come to June 2020 meeting

Item	Standing Item	Non Standing Item	Responsibility	June 18th 2019	July 29th 2019[1]	Sept 16th 2019	Dec 2nd 2019[2]	Feb 2nd 2020
External Audit Annual Report 2018/19		✓	External Auditor			✓		
Chief Social Work Officer Annual Report		✓	Chief Social Work Officer					✓

Performance								
Locality Action Plans:								
• South Locality		✓	Chief Officer				✓	
• Perth City Locality		✓	Chief Officer				✓	
• North Locality		✓	Chief Officer					✓
Financial Position	✓		Chief Financial Officer	✓		✓		✓
Corporate Performance Annual Report[5]		✓	Chief Officer					
HSCP Performance Quarterly Report - OPUSC	✓		Chief Officer			✓		✓
HSCP Performance Quarterly Report – Carers	✓							✓
HSCP Performance Quarterly Report – Primary Care	✓							✓
HSCP Performance Quarterly Report – MHWB	✓							✓
Annual Performance Report		✓	Chief Officer		✓			

Annual Accounts								
Review Annual Governance Statement		✓	Chief Financial Officer	✓				
Unaudited Annual Accounts 2018/19		✓	Chief Financial Officer	✓				
Audited Annual Accounts 2018/19		✓	Chief Financial Officer				✓	
Letter of Representation to External Audit		✓	Chief Financial Officer				✓	

For Information								
Assurances Received from Partners		✓	For information			✓		
Audit & Performance Committee Record of Attendance	✓		For information	✓		✓		✓

Plan How to Discharge Audit Committee Duties								
Review of Committee Terms of Reference		✓	Chief Officer					✓
Self-Assess Committee's Effectiveness		✓	Chair					✓

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[5] Corporate Performance Annual Report will come to June 2020 meeting.

Item	Standing Item	Non Standing Item	Responsibility	June 18th 2019	July 29th 2019[1]	Sept 16th 2019	Dec 2nd 2019[2]	Feb 2nd 2020
Produce Audit Committee Annual Report		✓	Chair					✓
Review of Induction Programme for New Members		✓	Chief Financial Officer					✓
Review Effectiveness of Audit (Internal/External)		✓	Chair					✓

Perth & Kinross Health and Social Care Partnership
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Enquiries to	Jane Smith
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Email	janemsmith@nhs.net
Your Ref	
Our Ref	JMS/PJ
Date	27 September 2019

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Report No. G/19/147

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Perth & Kinross Integration Joint Board ("the Board"), for the year ended 31 March 2019, for the purpose of expressing an opinion:

i. as to whether these financial statements give a true and fair view of the state of the Board's affairs as at 31 March 2019 and of the Board's surplus or deficit for the financial year then ended;

ii. whether the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU, as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; and

iii. whether the financial statements have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2015, and the Public Bodies (Joint Working) (Scotland) Act 2014.

These financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance sheet and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 31 May 2016, for the preparation of financial statements that:

    i. give a true and fair view of the state of the Board's affairs as at the end of its financial year and of its surplus or deficit for that financial year;

    ii. have been properly prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs"), as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; and

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    iii.   have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2015, and the Public Bodies (Joint Working) (Scotland) Act 2014.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Board in making accounting estimates, including those measured at fair value, are reasonable.

3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.

Information provided

4. The Board has provided you with:

- access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
- additional information that you have requested from the Board for the purpose of the audit; and
- unrestricted access to persons within the Board from whom you determined it necessary to obtain audit evidence.

5. All transactions have been recorded in the accounting records and are reflected in the financial statements.

6. The Board confirms the following:

i)   The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

ii)   The Board has disclosed to you all information in relation to:

a) Fraud or suspected fraud that it is aware of and that affects the Board and involves:
- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements; and

b) allegations of fraud, or suspected fraud, affecting the Board's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

7. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

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8. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

9. The Board has disclosed to you the identity of the Board's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in IAS 24.

10. The Board confirms that:

   a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Board's ability to continue as a going concern as required to provide a true and fair view.
   b) No events or conditions have been identified that may cast significant doubt on the ability of the Board to continue as a going concern.

This letter was agreed at the meeting of the Perth & Kinross Integration Joint Board on 27 September 2019 following scrutiny and approval at the Audit & Performance Committee meeting on 16 September 2019.

Yours faithfully,

Jane Smith
Chief Financial Officer
Perth & Kinross Health & Social Care PArtnership

Headquarters: Council Building, 2 High Street, Perth. PH1 5PH

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Appendix to the Board Representation Letter of Perth & Kinross Integration Joint Board: Definitions

Financial Statements

IAS 1.10 states that "a complete set of financial statements comprises:

- a statement of financial position as at the end of the period;
- a statement of profit or loss and other comprehensive income for the period;
- a statement of changes in equity for the period;
- a statement of cash flows for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the preceding period as specified in paragraphs 38 and 38A; and
- a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 40A-40D.

An entity may use titles for the statements other than those used in this Standard. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'."

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

"Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and
b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

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Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

a) A person or a close member of that person's family is related to a reporting entity if that person:
   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) An entity is related to a reporting entity if any of the following conditions applies:
   i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   iii. Both entities are joint ventures of the same third party.
   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   vi. The entity is controlled, or jointly controlled by a person identified in (a).
   vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
   viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control or joint control of, or significant influence over, the reporting entity; and
b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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PERTH AND KINROSS INTEGRATION JOINT BOARD

AUDIT & PERFORMANCE COMMITTEE

16 SEPTEMBER 2019

OLDER PEOPLE AND UNSCHEDULED CARE QUARTERLY PERFORMANCE REPORT

Report by Head of Health & Head of Adult Care and Social Care (Report No. G/19/148)

PURPOSE OF REPORT

The purpose of this report is to update the Integration Joint Board Audit & Performance Committee on the Older People and Unscheduled Care (OPUSC) performance for the purposes of scrutiny and assurance.

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1. **RECOMMENDATION(S)**

   It is recommended that the Audit & Performance Committee:

   • Notes the OPUSC Board performance outcomes report attached (appendix 1).

2. **SITUATION / BACKGROUND / MAIN ISSUES**

   The Audit & Performance Committee as part of it's duties has committed to maintain oversight of the P&K Health & Social Care Partnership strategic performance. At the 19th June 2018 meeting the Audit & Performance Committee was presented with an overview of the indicators which the OPUSC Board agreed to own and report on going forward. The first performance report from the OPUSC Board was presented to the Committee on 19th February 2019. Since then the OPUSC Performance Framework has progressed with a fuller report on all indicators attached at Appendix 1.

3. **CONCLUSION**

   This report sets out key performance monitoring in relation the Older People and Unscheduled Care.

Author(s)

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APPENDICES

1.   OPUSC Board Summer 2019 Performance report

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Perth and Kinross Health and Social Care Partnership

Older People and Unscheduled Care Board

Summer 2019 Performance report v Final

1 Performance summary

| Indicator	Page	Summary	2018/19 P&K	2018/19 Scotland	2019/20 objective	2019/20 to date performance[1] *(value to meet target)*
Fall Admission rates EASR/1,000: 65+	3	65+ falls admission rates continue to be regularly lower than for Scotland	2,158	2,403	Continue to reduce rates	**2,425** *(2,158)*
Number of 65+ A&E & MIIU attendances	4	Per capita rates for 2018/19 are approximately 30% lower than for Scotland although complex causality	8,289	11,602**Error! Bookmark not defined.**	Maintain or improve on 18/19	**1,478** *(1,382)*
Emergency admissions	5	Stable performance that continues to be lower per capita than Scotland	14,756	16,371[ii]	Maintain or improve on 18/19	**2,503** *(2,460)*
Unscheduled bed days	6	Stable performance that continues to be lower per capita than Scotland for adult age groups (especially 75+)	99,259	104,072[ii]	Continue reducing trend between 15/16&17/18	**7,563** *(7,460)*
65+ community care home crisis admissions	7	Gradual reduction in total numbers per year over three years	162	N/A	To be developed	**N/A** (needs target)
% of total H&SC spend on emergency hospital stays	8	Reduced from 28% to approx. 25% of total spend for 18/19, and continues to be 2.5% to 3.5% above Scottish value	25.7%	22.4%	To be developed	No data to date
75+ 7-day readmissions per 1,000	9	Performing well in relation to the rest of Scotland	23	30	To be developed	**N/A** (needs target)
75+ 28-day readmissions per 1,000	10	Performing well in relation to the rest of Scotland	55	73	To be developed	**N/A** (needs target)
Delayed discharges bed days	11	Moved from *worse-than* to *better-than* Scotland at turn of year, and currently below required MSG target trajectory	14,203	14,533[ii]	Continue 17/18-18/19 trend (equates to 13,331)	**2,636** *(3,333)*
CAH_people per week: 65+	12	Substantial shift from to more personalised support (option 3 to option 2) during mid-2017, slight increase for all options since April 2019	2275		To be developed	**1820**
CAH_hours per person per week: 65+	13	Slight reduction in weekly hours from January 2019	10.47		outrun	**9.34**
CAH_total hours per week: 65+	14	Substantial shift from to more personalised support (option 3 to option 2) during mid-2017, slight increase for all options since April 2019	146,595		To be developed	**71,959**
Median wait for HART: 65+	15	Reducing trend continues from 12 days in early 2018 to around 7 days in June 2019	11		To be developed	**8**
Number receiving reablement per month: 65+	16	Maintaining performance since positive increase in the numbers receiving reablement seen over late 2018	1033		To be developed	**691**
% requiring no CAH following reablement: 65+	17	Averaging 37% over recently reported 12 months	36.58%	No data	To be developed	**38.91%**
65+ with TEC and Com alarm	18	Very slow increasing trend for both values	5050		To be developed	**4416**
Percentage of last six months of life in a community setting: 75+	19	Very gradual improvement over the last three years that tracks the Scottish value	No data	No data	To be developed	**N/A** (needs target)
Premature Mortality Rate per 100,000	20	Consistently better than Scotland - stable since general reduction seen both locally and nationally during 2000s	n/a	n/a	To be developed	**N/A** (needs target)

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[1] RAG status determined by recent value relative to that needed to meet/exceed objective: Green within 5%; Amber 5% to 10%; Red >10%

2 Key performance indicator analyses and responses

2.1 65+ Falls Admissions per 100,000 EASR age standardised

Descriptor	In an ageing population, falls among older people are a major and growing concern. This indicator is based on the number of 65+ patients discharged from hospital with an emergency admission coded as resulting from a fall[2]. EASR age standardisation[i] is used to allow national comparison.
Objective	To reduce the rate of falls for frail elderly people
Source	ISD
Strategic Priority	Thriving Communities
Delivery leads	To be determined
Target	Proposed target is to meet or improve on 2018/19 rate of 2,158 65+ Falls Admissions per 100,000 EASR age standardised

Annual 65+ falls admissions per 100,000 EASR standardised rate[i]	**2016/17**	**2017/18**	**2018/19**	***2019/20 year end projection[3]***
Perth & Kinross rate	2196	2087	2158	*2425*
Scotland rate	2366	2431	2403	

65+ EASR age-standardised falls admission rate per 100,000
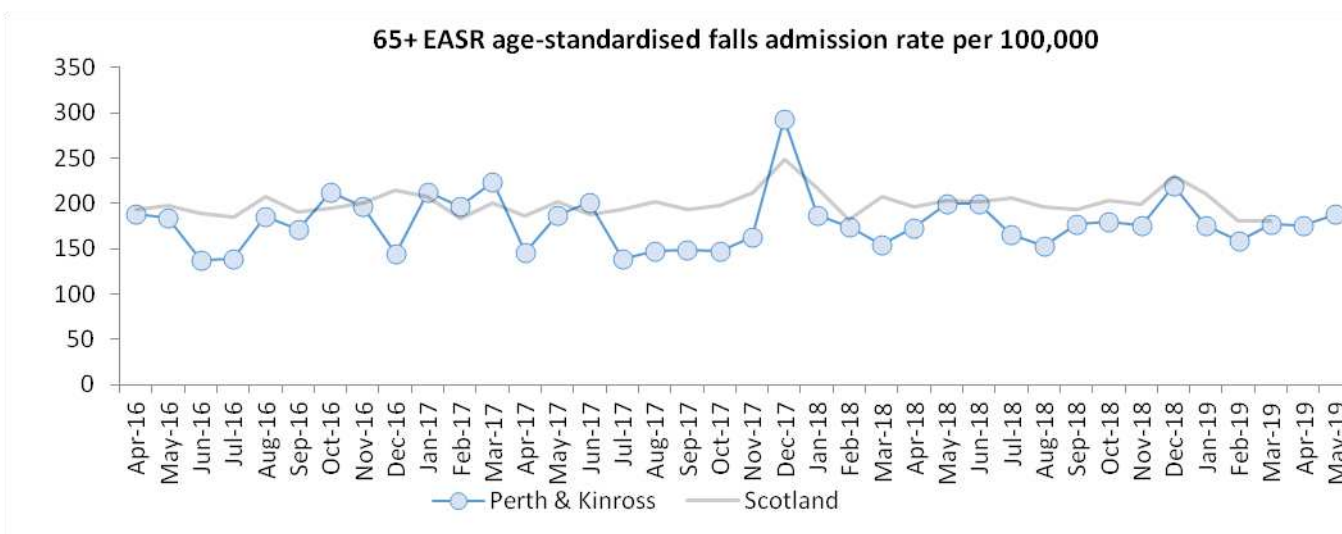
Analysis
• 65+ age-standardised falls admissions rates are regularly lower than for Scotland as a whole.
• Based on only two months data, a 12% increase above FY18/19 is projected for FY19/20.

| **Actions** |
|---|
| • Continue to embed SG Framework for Action 'Falls Prevention and Management in the Community' |
| • Further spread and embed Care about Physical Activity CAPA in care homes and care at home providers |
| • Establish a Falls Intelligence Group to improve performance management, monitoring and to identify and support improvements. |

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[2] Fall admission coding: ISD admission code 33 - 35 (emergency injury admissions excluding self-inflicted or RTA); and ICD10 codes W00 – W19 (slipping, tripping, stumbling and falls).

[3] Year end projection is calculated by scaling financial year-to-date value according to the portion of the year complete.

3

2.2   A&E attendances (65+) (includes MIIU) (MSG)

Descriptor	To monitor A&E and MIIU presentations and the influence of projects/interventions on reducing unnecessary and/or avoidable presentations for elderly people
Indicator objective	To reduce this over time towards a level that reflects the opportunities afforded by community prevention and community-based crisis management.
Data Source	ISD MSG 3a data
Strategic Priority	Shifting the Balance of Care
Delivery leads	Paul Henderson, Amanda Taylor
Target	Based on submitted MSG targets. Target is to maintain 18/19 number: 8,289

65+ A&E/MIIU attendances by year	2016/17	2017/18	2018/19	*2019/20 year end projection[4]*
Perth & Kinross total	7,297	7,753	8,289	*8,868*
Scotland raw rate applied to PK population[ii]	10,829	11,203	11,602	
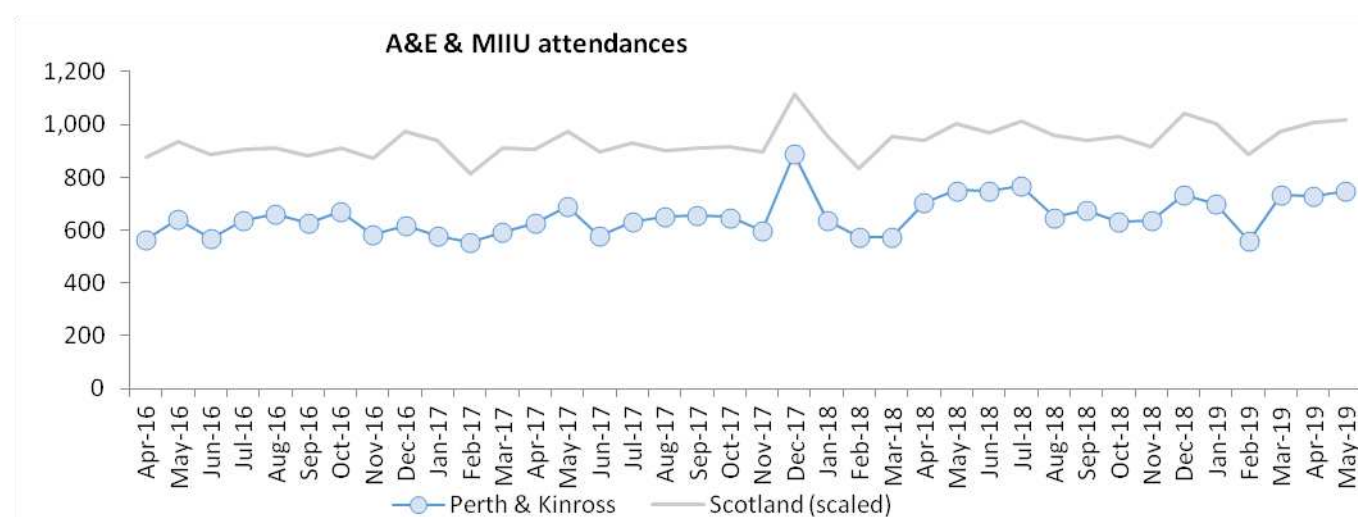
Analysis

- Perth and Kinross are performing well in this area with a 29% lower per-capita A&E attendance rate compared to Scotland as a whole (2018/19).
- Over the last few months the A&E/MIIU numbers have increased. However, we are currently 7% above the number required to meet our target which is within amber tolerance.

Actions

- Work in partnership with NHS Tayside on the delivery of Transforming Tayside, Out of Hours, and Reshaping Urgent Care.
- Analyse the week of care audit (completed during August) to inform our understanding and to identify improvement opportunities.

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[4] Year end projection is calculated by scaling financial year-to-date value according to the portion of the year complete.

4

2.3 Emergency Admissions (MSG)

Descriptor	Many people coming to hospital in emergencies could potentially be offered better support or services earlier on to prevent the need for them to go to hospital, or for planned hospital care instead.	
Indicator objective	A reduction in this indicator should demonstrate improved partnership working. It should represent a shift from a reliance on hospital care towards proactive and coordinated care and support in the community. To inform the performance narrative, we analyse unscheduled admissions data according by diagnostic groupings, specialty and age-group.	
Data Source	ISD MSG	
Strategic Priority	Shifting the Balance of Care	
Delivery leads	Intermediate Specialist GP Lead, Locality Managers	
Targets	**Based on submitted MSG targets**	All ages
	2019/20	14,756

Annual emergency admissions (all ages)	2016/17	2017/18	2018/19	*2019/20 year end projection[5]*
Perth & Kinross total	15,173	14,880	14,756	*15,018*
Scotland raw rate applied to PK population[ii]	16,258	16,394	16,371	
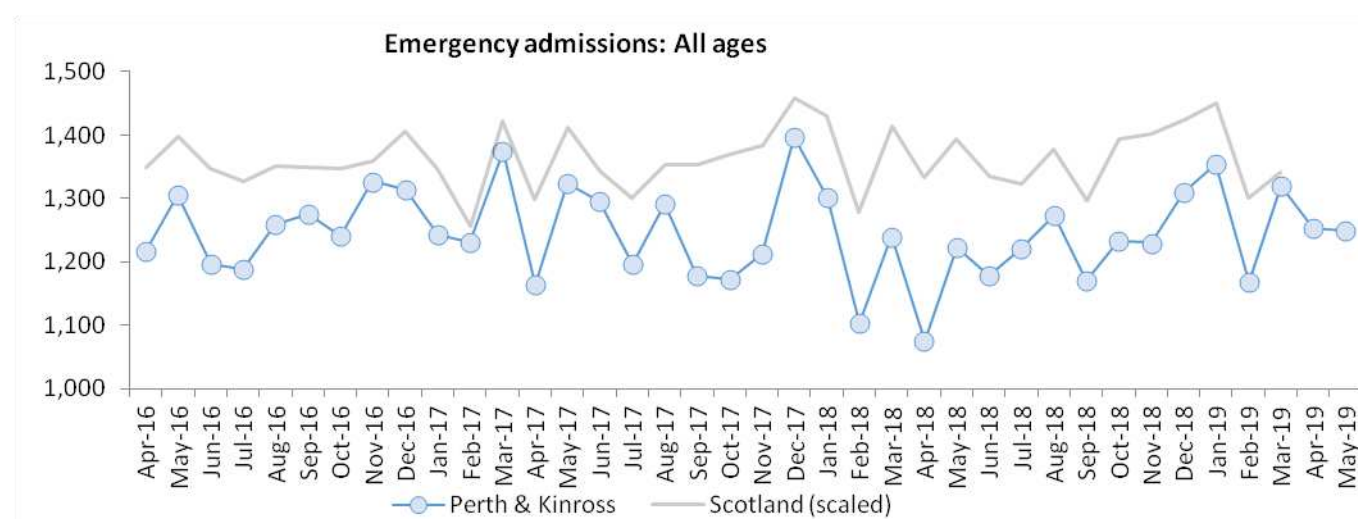
Analysis
- Perth and Kinross is performing well compared to the rest of Scotland particularly in relation to older adults
- Based on the first two months of the financial year we are performing within expectations to achieve financial year end target.
- The increase in admissions for 65+ in December correlates with an increase in admission at this time due to respiratory problems
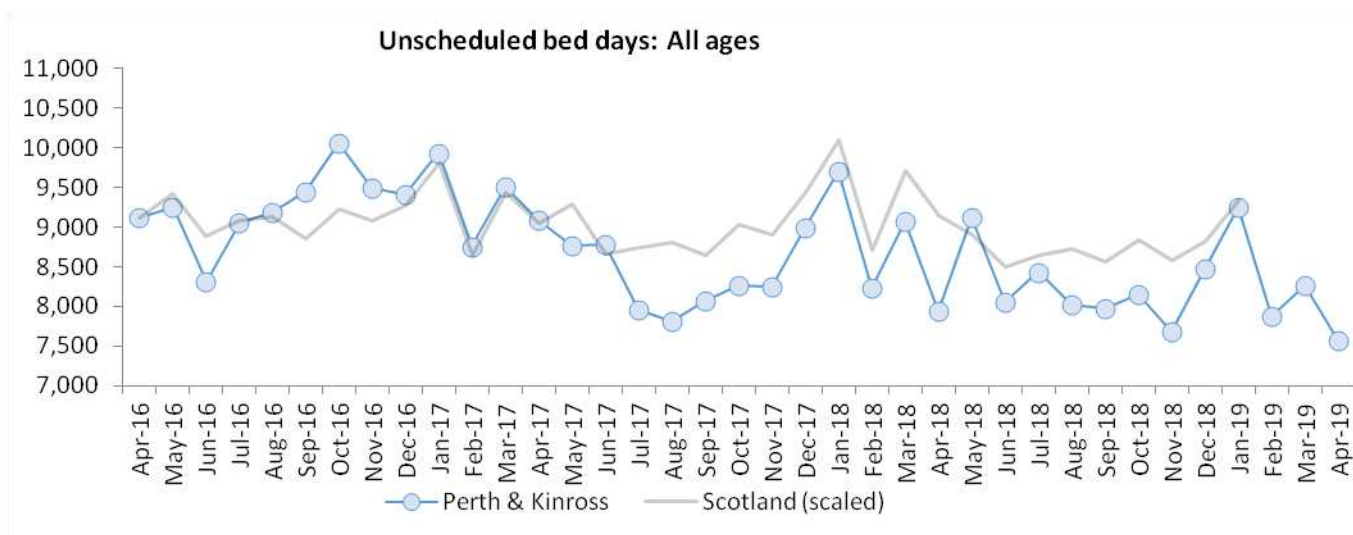
Actions
- The Older People and Unscheduled Care Board are overseeing improvement actions to support the reduction of admissions; the investment into a specialist Community Respiratory team and integrated intermediate care service to support early intervention and prevention approaches. These actions are being taken forward and their impact is likely to be over the medium to long term.
- Perth and Kinross Health and Social Care Partnership were successful in their bid to work with the Improvement Hub to test the Living and Dying Well collaborative approach. The aim is to identify people 65+ living with frailty to access preventative support in the community.

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[5] Year end projection is calculated by scaling financial year-to-date value according to the portion of the year complete.

5

2.4 Unscheduled bed days (MSG)

Descriptor	To protect resilience it is important for people to get home as soon as they are fit for discharge. This is a balance measure as it is possible for admissions to increase, bed days to reduce and vice versa.
Indicator objective	This is a balance measure as it is possible for admissions to increase, bed days to reduce and vice versa. To inform the performance narrative, we analyse unscheduled admissions data according by diagnostic groupings, specialty and age-group.
Data Source	ISD MSG data reports
Strategic Priority	Shifting the Balance of Care
Delivery leads	Intermediate Specialist GP Lead, Locality Managers
Target	Submitted MSG All Ages 2019/20 target: 89,305. This is based on a continued trend using the reduction measured between 15/16 baseline and 17/18.

Annual unscheduled bed days (all ages)	2016/17	2017/18	2018/19	*2019/20 year end projection[6]*
Perth & Kinross total	111,543	103,006	96,915	*90,756*
Scotland raw rate applied to PK population[ii]	109,967	109,081		

Unscheduled bed days: All ages

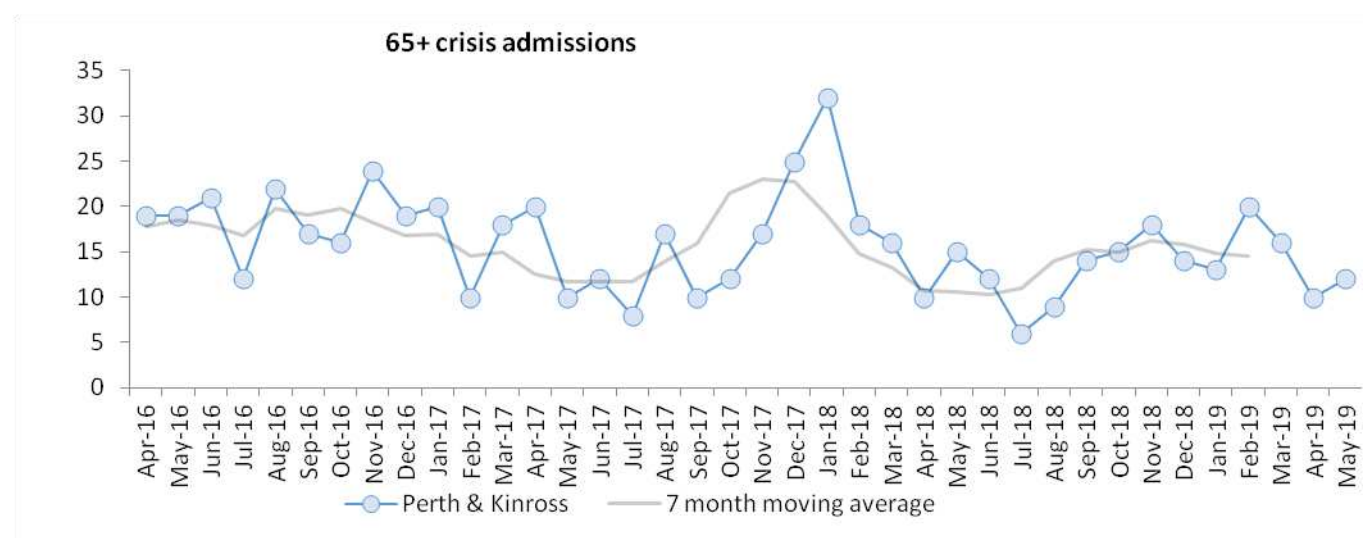| Analysis |
|---|
| • We are performing favourably compared to the rest of Scotland, especially in relation to 65+. |
| • The value for month one of the current financial year is in line with meeting the year end target. |

Actions
• There are a range of improvement actions under the heading of Shifting the Balance of Care in the Older People and Unscheduled Care Strategy in relation to this.
• The Royal Voluntary Service is commencing in PRI to support patients who require low-level support in the community to facilitate more timely discharge from hospital.
• A project is underway to complete an integration of the Discharge Hub and Hospital Discharge Team to improve performance.

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[6] Year end projection is calculated by scaling financial year-to-date value according to the portion of the year complete.

6

2.5   Crisis admissions to care homes from community

Descriptor	Crisis admissions are an indicator that community services are not able to sustain the person in the community. Crisis placements can often continue and become permanent care home placements.
Indicator objective	To monitor the inability of community services to maintain people in the community during crisis periods.
Data Source	PKC
Strategic Priority	Shifting the Balance of Care
Delivery leads	OPUSC Strategic Lead
Target	•

Data	2016/17	2017/18	2018/19	2019/20
Total	217	197	162	

Analysis

- Three year reduction in crisis placements, current year not yet available
- Could represent more efficiency in screening and authorisation of care home funding, as people in crisis placements requiring permanent placements are authorised
- Peak at end of 2017, beginning of 2018 likely related to winter health conditions

Actions

- Deep dive to be undertaken to understand peak at start of 2018

7

2.6 Percentage of total health and care spend on hospital stays where the patient was admitted in an emergency

Descriptor	Emergency inpatient resource as a percentage of overall health and social care resource. The underlying data will be sourced from costed health activity data and social care aggregate data. Health and Social Care Integration will allow the Integration Authorities, through the strategic plan, to commission changes in the health and social care pathway that will optimise (where appropriate) community based care[7]. To illustrate whether there is a trend towards spend being allocated in community settings rather than a hospital setting
Objective	This indicator will provide an overall indication of the balance of care in each partnership area. Not all emergency (non-elective stays) can be prevented or shifted to another setting, but where appropriate care in another setting will benefit patients and also ensure resources are spent more effectively.
Data Source	ISD
Strategic Priority	Improving Patient Flow and Pathways/Shifting the Balance of Care
Delivery leads	Inpatient Service Manager, OPUSC Strategic Lead
Target	To be set

	2016/17	2017/18	2018/19	2019/20
Perth and Kinross	26.7%	27.9%	25.7%	*
Scotland	24.3%	25.1%	22.4%	*

Analysis
- Perth and Kinross has a higher proportion of over 65s compared to Scotland as a whole therefore it is understandable that we are over the Scottish value for this indicator, however we decreased last year
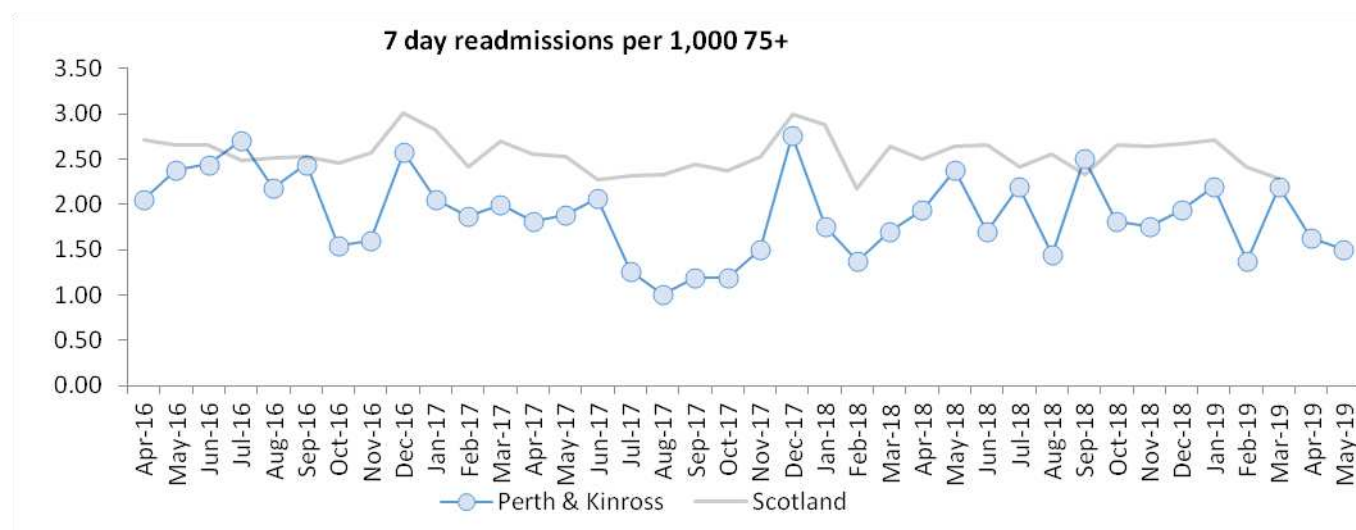
Actions
- Improvement actions are in progress in relation to Improving Patient Flow and Pathways with work especially focused on deeper integration to reduce unnecessary duplication that impacts negatively on patient waits. There is also a redesigning of clinical / medical pathways to enhance geriatrician input in localities and community hospitals.
- Improvement actions are co-ordinated across NHS Tayside through the Unscheduled Care Board.

[7] Health & Social Care Integration: Core suite of indicators. Scottish Government. 2015

8

2.7   75+ 7-day readmissions per 1,000

Descriptor	"The readmission rate reflects several aspects of integrated health and care services - including discharge arrangements and co-ordination of follow up care underpinned by good communication between partners." (Scottish Government[8]).
Indicator objective	7 day readmissions are more likely to pick up immediate issues linked to hospital care.
Data Source	ISD
Strategic Priority	Shifting the Balance of Care
Delivery leads	To be determined
Target	• Target setting is complex based on a range of local readmission studies/audits/deep dives. From this work we were unable to ascertain common opportunities for readmission prevention and only a small proportion were identified that were categorised as "potentially avoidable".

Year	2016/17	2017/18	2018/19
Perth and Kinross	26	20	23
Scotland	32	30	30

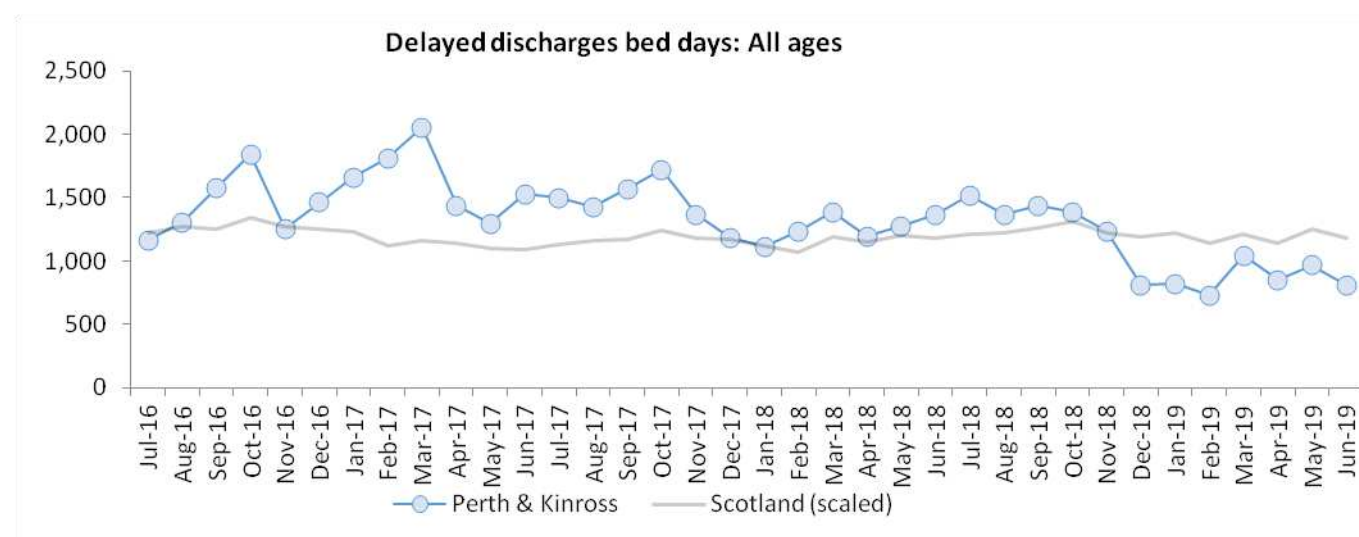| Analysis |
|---|
| • Perth and Kinross is performing well in relation to the rest of Scotland |

Actions
• Continue with actions as per Strategic Delivery Plan

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[8] https://www.gov.scot/publications/health-social-care-integration-core-suite-indicators/pages/3/

9

2.8   75+ 28-day readmissions per 1,000

Descriptor	"The readmission rate reflects several aspects of integrated health and care services - including discharge arrangements and co-ordination of follow up care underpinned by good communication between partners." (Scottish Government[9]).
Indicator objective	28 day follow-up relates to support on leaving hospital that could have a negative impact and result in readmission.
Data Source	ISD
Strategic Priority	Shifting the Balance of Care
Delivery leads	To be determined
Target	• Target setting is complex based on a range of local readmission studies/audits/deep dives. From this work we were unable to ascertain common opportunities for readmission prevention and only a small proportion were identified that were categorised as "potentially avoidable".

Year	2016/17	2017/18	2018/19
Perth and Kinross	59	49	55
Scotland	76	73	73

Analysis
• Perth and Kinross is performing well in relation to the rest of Scotland

Actions
• Continue with actions as per Strategic Delivery Plan

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[9] https://www.gov.scot/publications/health-social-care-integration-core-suite-indicators/pages/3/

10

2.9 Delayed discharge bed days

Descriptor	The number of bed days due to delayed discharge that have been recorded for people resident within the Local Authority area
Objective	To monitor effectiveness of service provision and improvements in relation to supporting patients that are medically fit home from hospital. To inform the performance narrative, we regularly analyse delayed discharge data according to reason for delay and age group.
Data Source	ISD
Strategic Priority	Improving Patient Flow and Pathways
Delivery leads	Inpatient Service Manager, OPUSC Strategic Lead
Target	All ages MSG target: 2019/20: 13,331

Annual delayed discharge bed days (all ages)	2016/17	2017/18	2018/19	*2019/20 year end projection[10]*
Perth & Kinross total	18,872	16,785	14,203	*10,544*
Scotland raw rate applied to PK population[ii]	14,839	13,763	14,533	

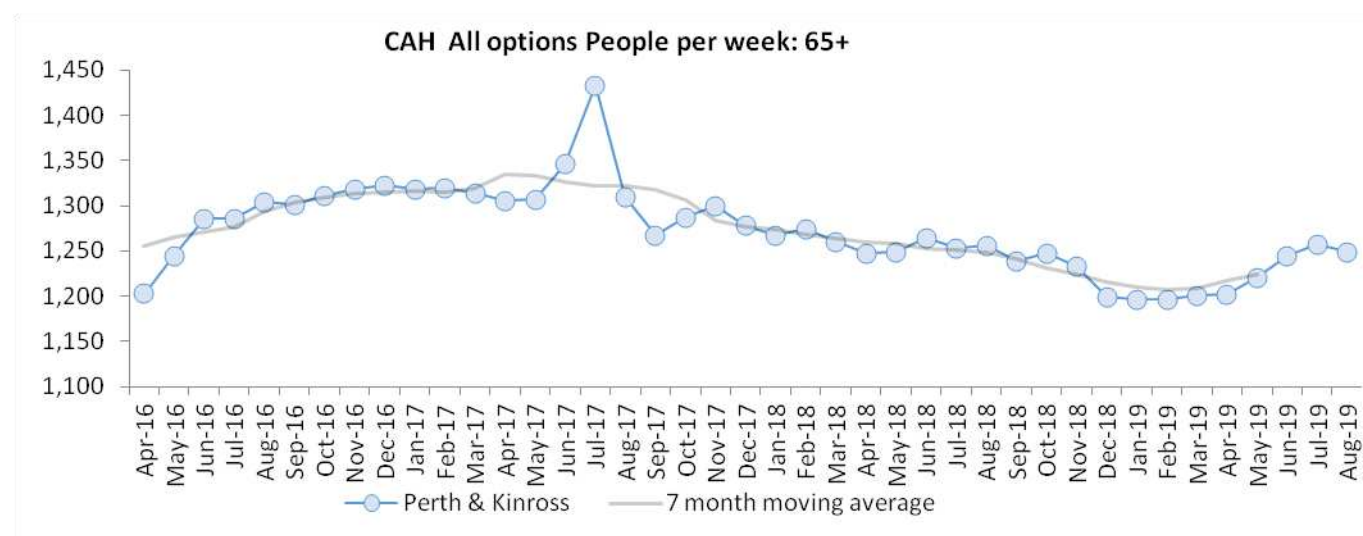| Analysis |
|---|
| • Perth and Kinross has shown significant sustained improvement in this area for the over 75 age group and is performing well compared to the rest of Scotland
• Based on the first three months of the current financial year we are projecting well below target. |

Actions
• Continuing with the improvement actions in the Older People and Unscheduled Care Strategic Deliver Plan, in particular, continuation of HART and development of fully Integrated Discharge Hub and processes

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[10] Year end projection is calculated by scaling financial year-to-date value according to the portion of the year complete.

11

2.10 Care at Home 65+ clients

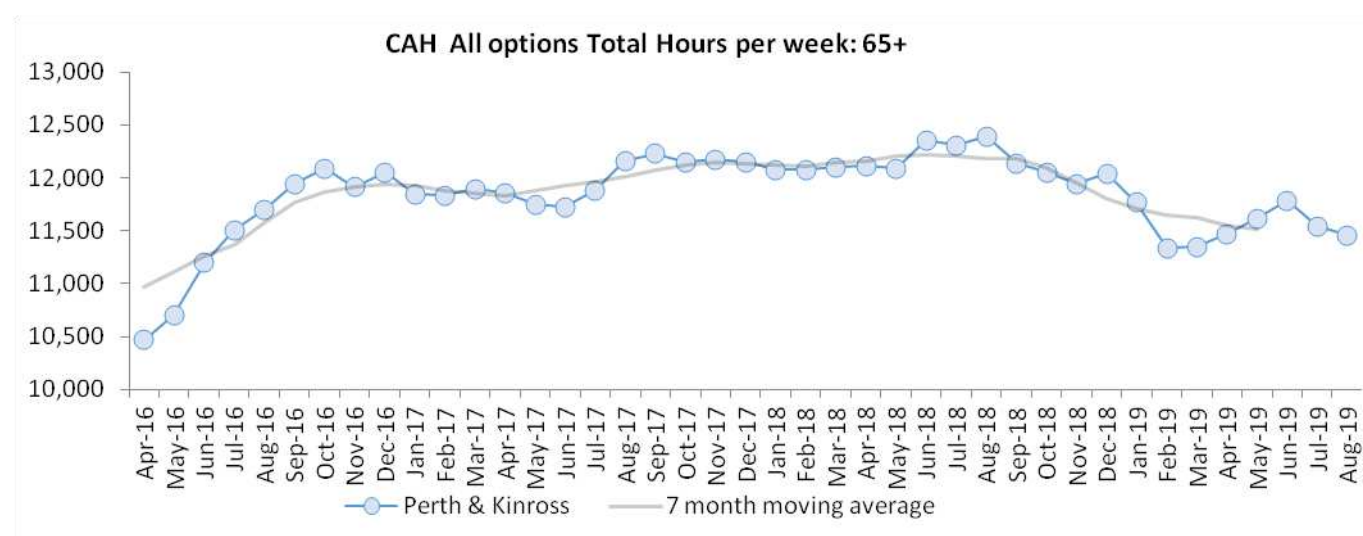|	
Descriptor	Our strategic aim is to support people to remain at home for as long as possible and care at home provision is an important element to achieve this. These indicators track numbers of people, average hours per person and also the use of SDS options 1, 2 and 3.
Indicator objective	This is a complex indicator due to the strategic intent of health promotion to delay the need for the service as well as supporting people as long as possible prior to e.g. care home admission.
Data Source	PKC
Strategic Priority	Shifting the Balance of Care/Thriving Communities
Delivery leads	OPUSC Strategic Lead
Target	To be agreed

CAH All options People per week: 65+

Analysis
• Substantial shift from option 3 to option 2 during mid-2017, slight increase for all options since April 2019.

Actions
• A Care at Home improvement group has been initiated by contracts and commissioning with the independent sector to ensure we are delivering high quality care
• A recovery plan has been developed to ensure scrutiny of care package's in line with Best Value

12

2.11 Care at Home hours per 65+ person per week

| Descriptor	Average number of hours people receive care at home for per week. People want to stay at home for as long as possible and remain more independent for longer. As the population ages and number of people with care needs increases, the need to provide appropriate care and support becomes more important.
Indicator objective	Increased hours of SDS option 1 and 2's indicate more personalised services where people have more control over their care
Data Source	PKC
Strategic Priority	Shifting the Balance of Care/Thriving Communities
Delivery leads	OPUSC Strategic Lead
Target	To be determined

CAH All options hours per person per week: 65+
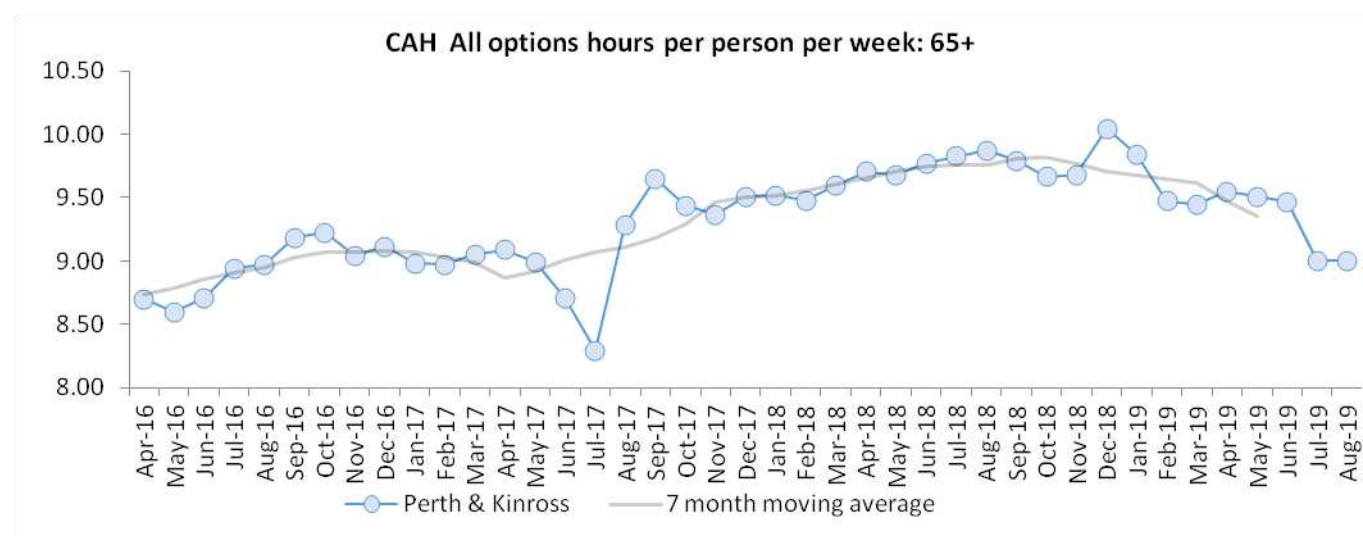
Analysis
• A more detailed exploration evidences that there has been a shift in hours towards more personalised SDS options 1 and 2 indicating a shift in line with our strategic direction. The hours per person has been increasing up to the end of 2018
• The decrease from 2019 occurred at the same time that a Recovery plan was initiated

Actions
• A Care at Home improvement group has been initiated by contracts and commissioning with the independent sector to ensure we are delivering high quality care
• A Recovery plan has been developed to ensure scrutiny of care package's in line with Best Value

13

2.12   Care at Home 65+ clients total hours

Descriptor	Number of care at home hours in total delivered per week
Indicator objective	People want to stay at home for as long as possible and remain more independent for longer. As the population ages and number of people with care needs increases, the need to provide appropriate care and support becomes more important.
Data Source	PKC
Strategic Priority	Shifting the Balance of Care/Thriving Communities
Delivery leads	OPUSC Strategic Lead
Target	

Analysis
• The number of people receiving care at home services has declined slightly whilst the numbers of average hours per person has increased.
• The number of people receiving provision via SDS option 1 and 2 has increased whilst the numbers of people receiving provision via option 3 has decreased.
• The recovery plan is the likely source for the reduction in total weekly hours from January 2019.

Actions
• A Care at Home improvement group has been initiated by contracts and commissioning with the independent sector to ensure we are delivering high quality care
• A Recovery plan has been developed to ensure scrutiny of care package's in line with Best Value

14

2.13 HART median referral to start date: 65+

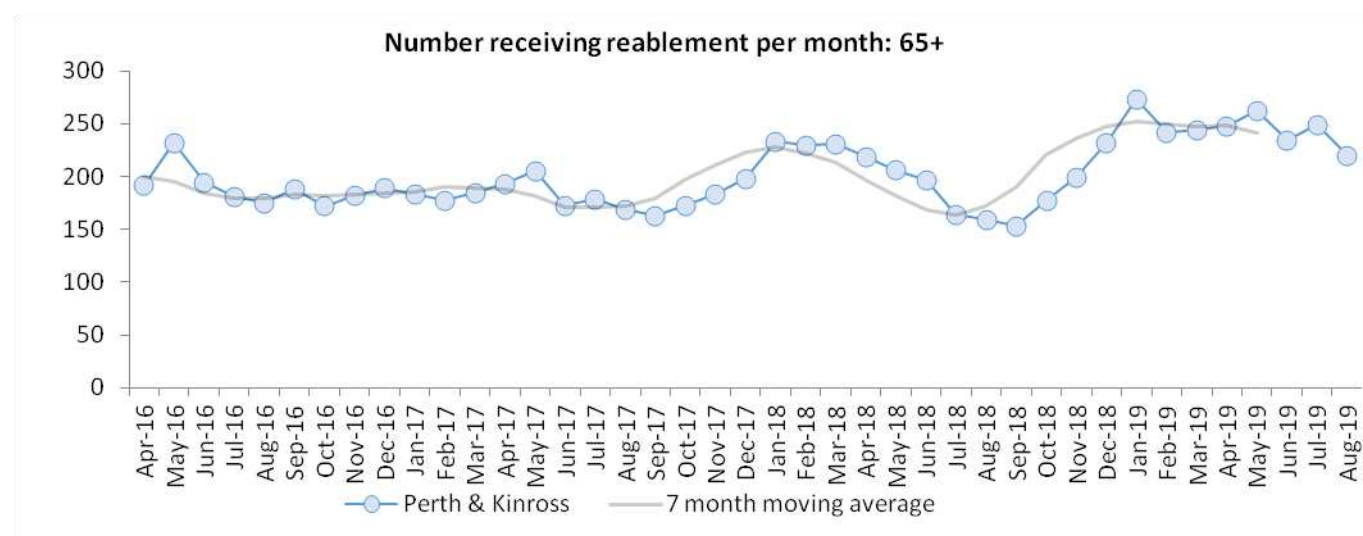| Descriptor	Referral from end of assessment to start of HART service.
Indicator objective	To monitor the length of time people are waiting for a HART service as an indicator of reducing delayed discharge and waits in the community
Data Source	PKC
Strategic Priority	Improving Patient Flow and Pathways/Shifting the Balance of Care
Delivery leads	OPUSC Strategic Lead
Target	

Median wait for HART: 65+ (days)
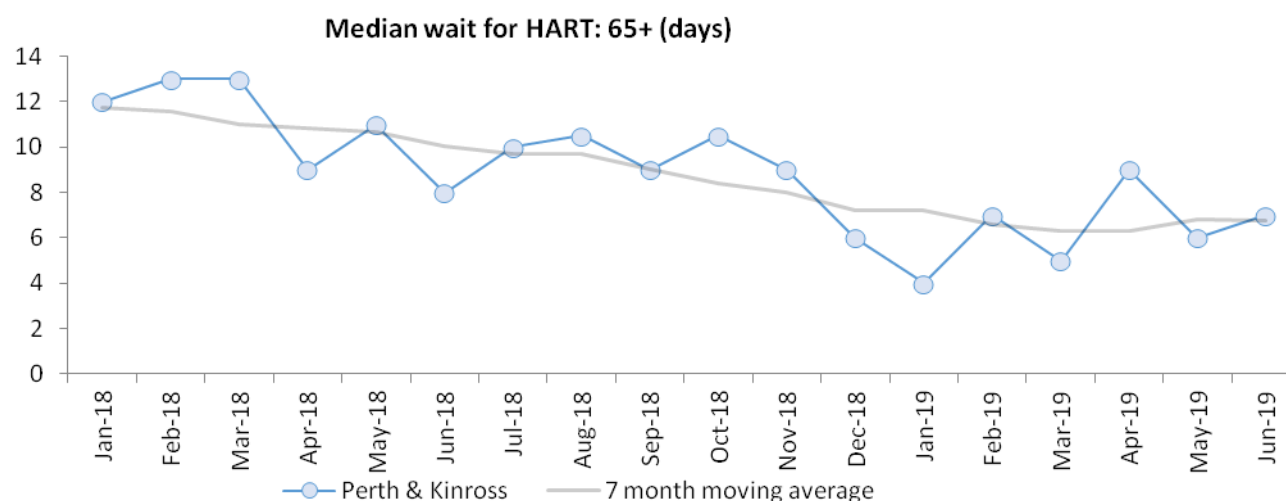
Analysis
• There has been a sustained reduction in waits for HART/Care at Home as HART has become embedded, and this is reflected in our positive delayed discharge performance. A high intake into hospital in February and March resulting in above average numbers of people requiring HART is thought to be behind the increased delays from February 2019   • There continues to be a 2% vacancy factor within HART.   • 27% of HART capacity provides Care at Home.

Actions
• Continue with HART improvement plan specifically to ensure recruitment is a priority to avoid reduced capacity

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2.14   Number of people receiving reablement per month 65+

| Descriptor	Number of people who have been recorded as receiving a reablement service (this does/does not include clients receiving a care at home service from the HART team)
Objective	To monitor the use of reablement with increasing numbers of people accessing reablement as a positive. A reduction in this figure could impact negatively on the numbers of people being able to maintain themselves at home
Data Source	PKC
Strategic Priority	Shifting the Balance of Care
Delivery leads	OPUSC Strategic Lead
Target	• To be agreed

Analysis
- There has been a positive increase in the number of people receiving reablement. This increase may have impacted on the reduction of people receiving care at home but further analysis would be required to confirm this.

Actions
- Ensuring the Home Assessment Recovery Team is running with minimum staff vacancies to continue its operational effectiveness

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2.15 Percentage of 65+ requiring no Care at Home support following reablement

|	
Descriptor	Number of people who do not require a package of care due to being fully reabled
Indicator objective	To monitor the positive impact of reablement and its effectiveness. A reduction in this figure would be a negative indicator
Data Source	PKC
Strategic Priority	Shifting the Balance of Care
Delivery leads	OPUSC Strategic Lead
Target	2019/20: 45%; 2020/2021: 47%
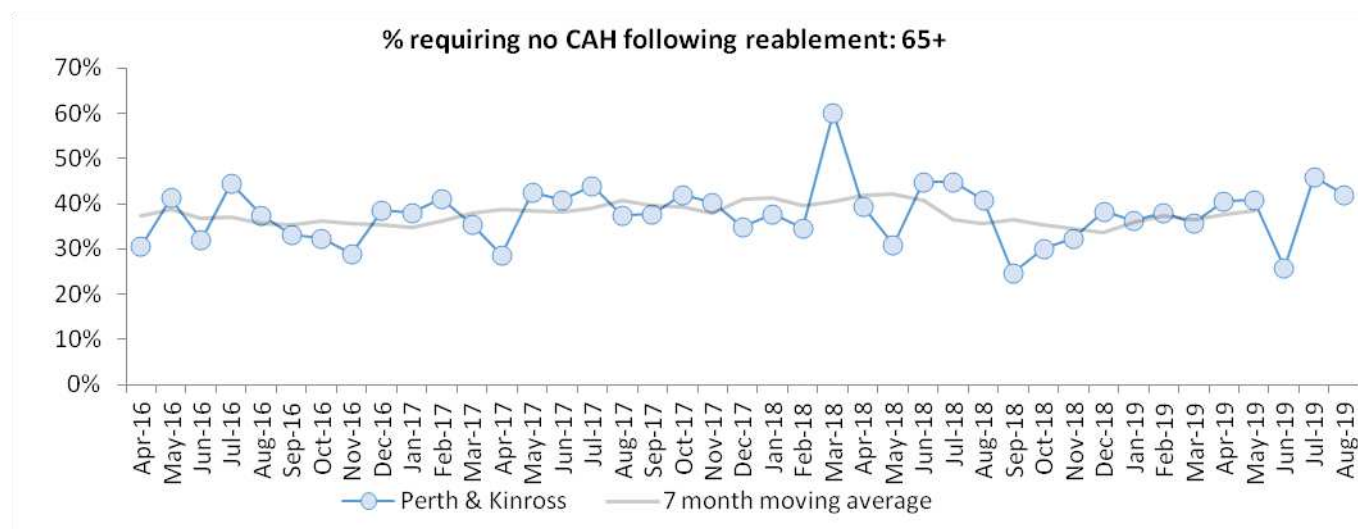
Analysis
• Over the last three years the percentage of people requiring no further service has been fairly stable. However, as there have been increased numbers of people receiving reablement the numbers requiring no further care services has increased

Actions
• Continue recruitment programme for HART to ensure there is enough capacity within the service to meet demand • Work with contracts and commissioning teams to explore options to reduce the Care at Home provided by HART and so free up HART capacity

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2.16 People with TeC and Community Alarm

| Descriptor	The number of people who have technology enabled care to support them at home
Indicator objective	To ensure that we are increasing our spread of technology enabled care to support more people in the community
Data Source	PKC
Strategic Priority	Shifting the Balance of Care
Delivery leads	OPUSC Strategic Lead
Target	To be agreed upon completion of the TEC strategy
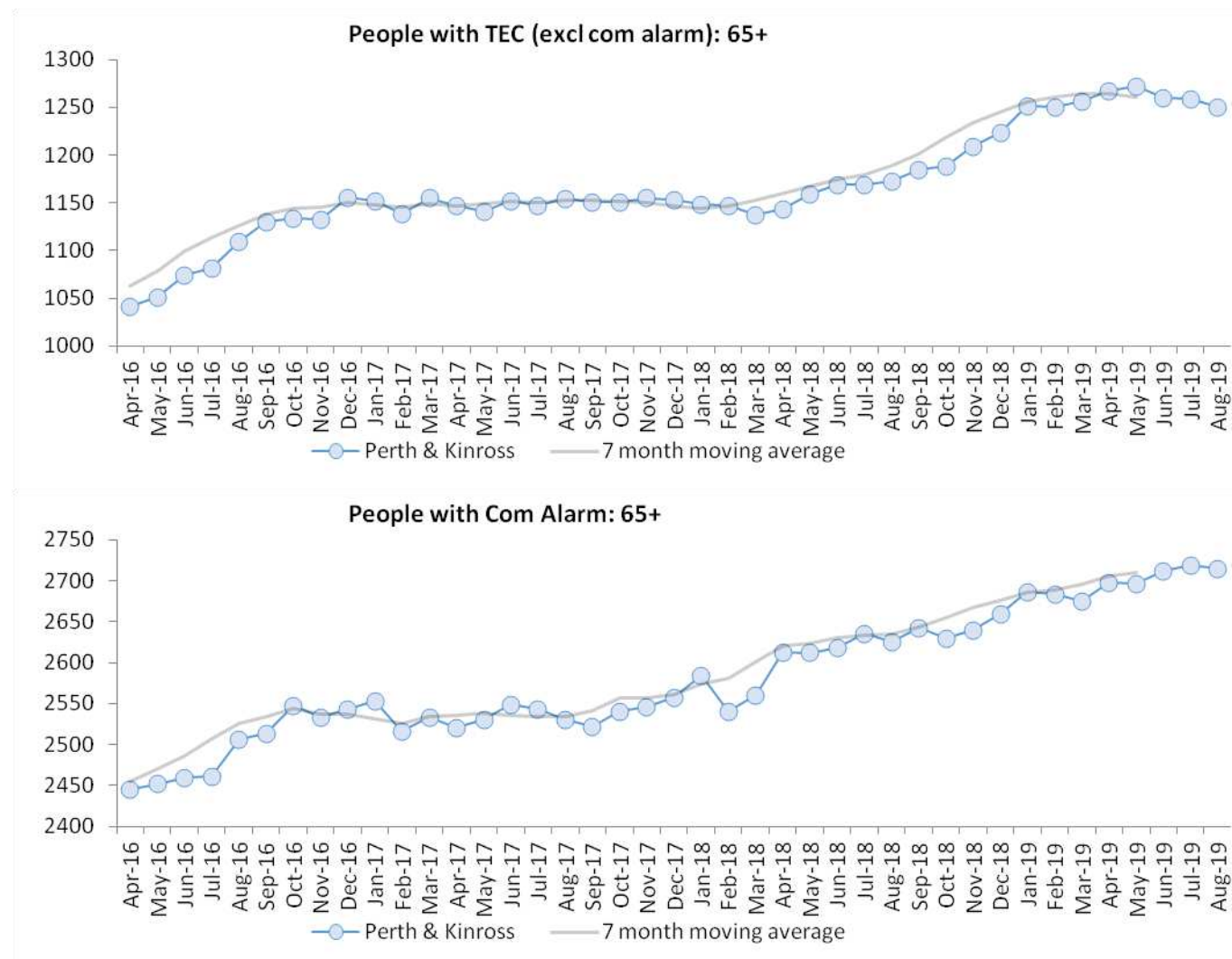
Analysis
- Number of clients with TEC is increasing steadily and implementation of the new strategy should realise a steeper uptake of equipment

Actions
- Continue with awareness raising of TEC among assessing teams to increase uptake of TEC
- Continue work in line with Recovery plan to consider TEC in all new care packages
- Completion of TEC strategy

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2.17 Percentage of last six months of life in a community setting (75+)

Descriptor	This indicator measures the percentage of time spent by people in the last 6 months of life at home or in a community setting.
Indicator objective	This indicator should increase as further opportunities are created that allow people to maximise time spent in the community during the last six months of their life
Data Source	ISD
Strategic Priority	Shifting the Balance of Care
Delivery leads	Lindsey Bailie
Target	Target of 95% - to be discussed

Percentage of last 6 months of life in community setting (75+)
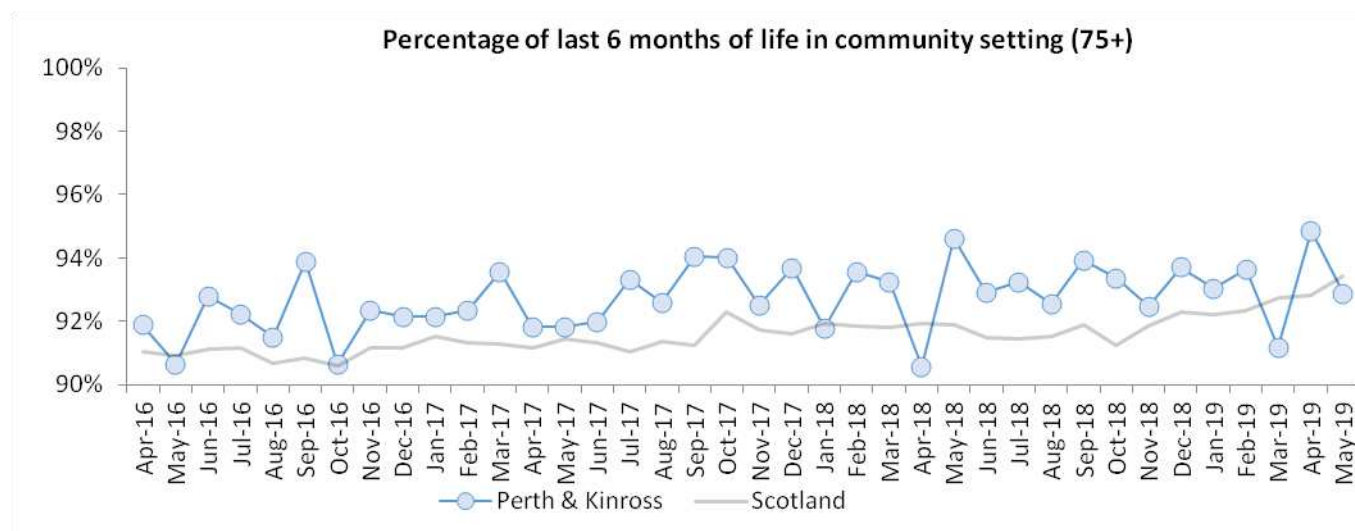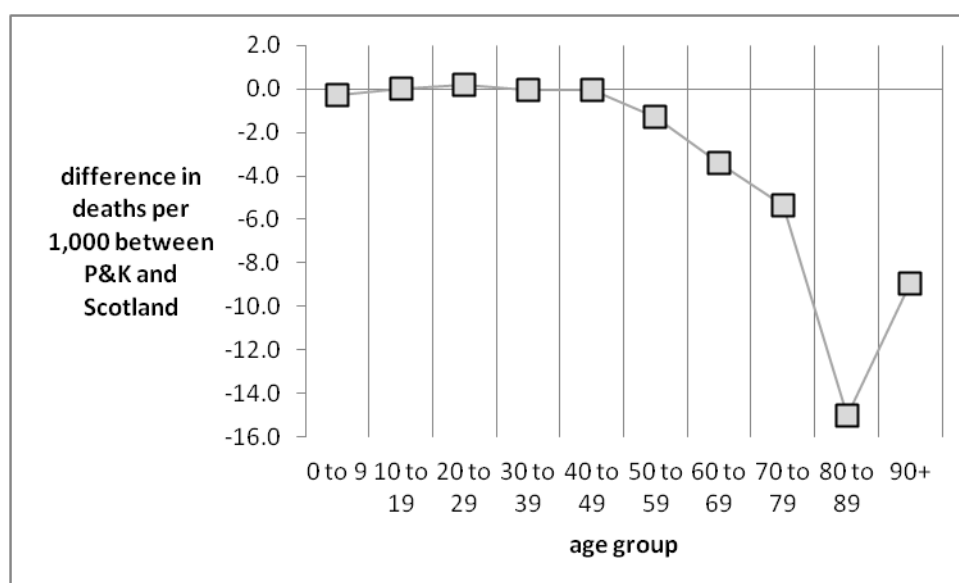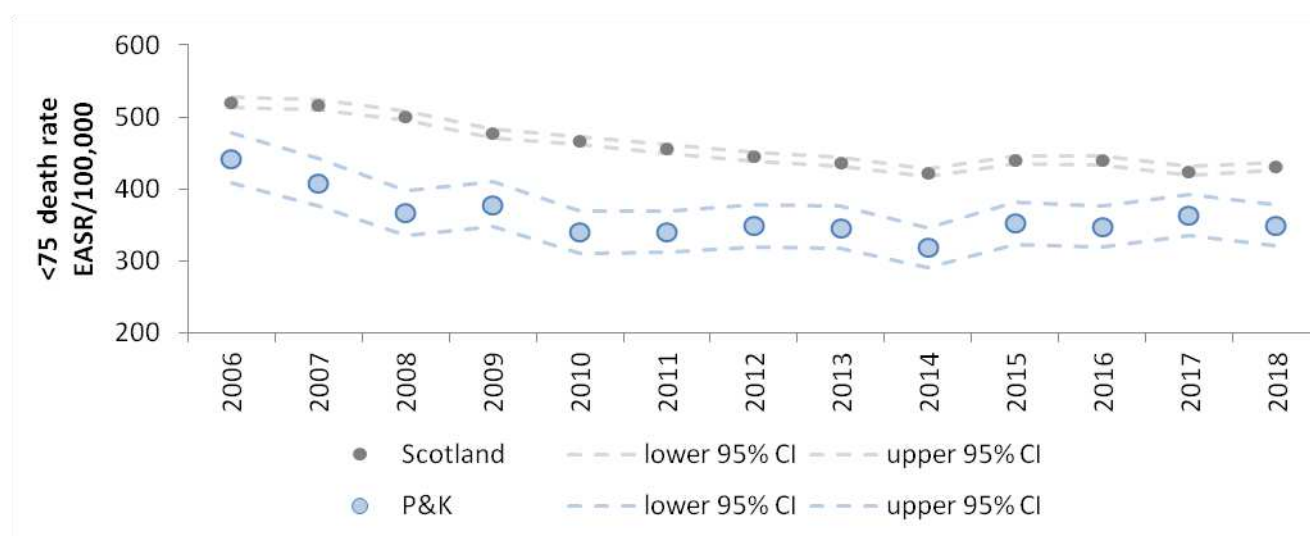
Analysis
• Very gradual improvement over the last three years that tracks the Scottish value.

Actions
• Delivery of education and training programmes for all staff providing care and support to people with palliative / end of life care needs. • Continue to work in collaboration with the Tayside Palliative and End f Life Care Managed Clinical Network (TayPEOLC MCN)

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2.18 Premature Mortality Rate per 100,000

Descriptor	Premature mortality is an important indicator of the overall health of the population. Scotland has the highest mortality rates in the UK.
Indicator objective	To reduce this figure by providing appropriate supports in the right place at the right time.
Data Source	ISD annual data
Strategic Priority	Shifting the Balance of Care
Delivery leads	Locality Managers

Analysis
• Under-75 deaths per 1,000 are reduced during the 2000s, and are lower than for Scotland as a whole. Age-specific death rates are especially lower in the 50s to 70s age groups.

Actions
• Redesign and continue to improve community prevention pathways including within integrated care teams across localities.

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End notes

[i] Standardised rates are often used to allow for fairer comparison between populations with different age structures. The European Age Standardised Rate (EASR) is a form of standardisation that provides adjusted rates to account for underlying differences in the age structure of populations relative to a reference "European Standard Population" - a widely-used theoretical (but nominally representative) population structure.

[ii] For numerical indicators, Scotland values are scaled to a P&K comparator by applying the age-specific Scotland per-capita rate to the P&K population numbers within the same age-group.

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Perth & Kinross Integration Joint Board
Audit & Performance Committee

Report No. G/19/149

Record of Attendance 1 April 2018 - 31 March 2019

Members

Name	Designation	Organisation	19 Jun 18	18 Jul 18	20 Sep 18	30 Nov 18	19 Feb 19
Councillor Callum Purves [1]	Elected Member	Perth & Kinross Council			PRESENT	PRESENT	PRESENT
Councillor Eric Drysdale	Elected Member	Perth & Kinross Council	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
Professor Nic Beech [2]		NHS Tayside				APOLOGIES	APOLOGIES
Bernie Campbell	Carer	Public Partner	PRESENT	APOLOGIES	APOLOGIES	PRESENT	APOLOGIES
Jim Foulis	Associate Nurse Director	NHS Tayside	PRESENT	APOLOGIES	PRESENT	PRESENT	APOLOGIES
Lorna Birse-Stewart [3]		NHS Tayside					PRESENT
Councillor Chris Ahearn [4]	Elected Member	Perth & Kinross Council	PRESENT	PRESENT			
Dr Robert Peat [5]		NHS Tayside	PRESENT	PRESENT	APOLOGIES	PRESENT	PRESENT
Stephen Hay [6]		NHS Tayside	PRESENT	PRESENT			

In Attendance

Name	Designation	Organisation	19 Jun 18	18 Jul 18	20 Sep 18	30 Nov 18	19 Feb 19
Robert Packham	Chief Officer	P&K HSCP	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
Jane Smith	Chief Financial Officer	P&K HSCP	PRESENT	APOLOGIES	PRESENT	PRESENT	PRESENT
Evelyn Devine	Head of Health	P&K HSCP	APOLOGIES	APOLOGIES	PRESENT	PRESENT	PRESENT
Diane Fraser	Head of Adult Social Work	P&K HSCP	PRESENT	PRESENT	PRESENT	APOLOGIES	APOLOGIES
Alan Drummond		NHS Tayside				PRESENT	
Maggie Rapley	Service Manager	P&K HSCP			PRESENT	PRESENT	
Phil Jerrard	A&C Team Leader	P&K HSCP	PRESENT	PRESENT	PRESENT	PRESENT	PRESENT
Scott Hendry	Team Leader (Committee Services)	Perth & Kinross Council	PRESENT		PRESENT	PRESENT	
Adam Taylor		Perth & Kinross Council		PRESENT		PRESENT	PRESENT
Tony Gaskin	Internal Auditor	NHS Fife	PRESENT		PRESENT	PRESENT	
Linda Lennie [7]	Carer	Public Partner			PRESENT		
Donna Mitchell	Finance Manager	P&K HSCP	PRESENT		PRESENT		
Jackie Clark	Internal Auditor	Perth & Kinross Council	PRESENT		PRESENT		
Sandra Gourlay	Lead Nurse	P&K HSCP	PRESENT		PRESENT		
Andy Shaw	External Auditor	KPMG			PRESENT		
Christopher Windeatt	External Auditor	KPMG			PRESENT		
Sandy Strathearn		P&K HSCP	PRESENT	PRESENT			
Will Clayton		P&K HSCP		PRESENT			
Councillor Colin Stewart [8]	Elected Member	Perth & Kinross Council					PRESENT
Councillor Xander McDade	Elected Member	Perth & Kinross Council					
Paul Henderson	Service Manager	P&K HSCP					PRESENT
Fiona Easton		P&K HSCP					PRESENT
Judith Trieb	Internal Auditor	Perth & Kinross Council					PRESENT
B Hudson	Internal Auditor						PRESENT
M Wilkie	External Auditor	KPMG					PRESENT

1. Chair from 20 July 2018   2. Member from 28 September 2018 until 1 April 2019   3. Member from 30 November 2018   4. Chair until 20 July 2018
5. Member until 30 November 2018   6. Member until 10 September 2018   7. Substituted for B. Campbell 20/9/18   8. Substituted for N.Beech 19/2/19

Perth & Kinross Integration Joint Board

Audit & Performance Committee

Record of Attendance 1 April 2019 - 31 March 2020

Members

Name	Designation	Organisation	19 Jun 18	29 Jul 19	16 Sep 19	30 Nov 18	19 Feb 19
Councillor Callum Purves	Elected Member	Perth & Kinross Council	PRESENT	PRESENT			
Councillor Eric Drysdale	Elected Member	Perth & Kinross Council	PRESENT	PRESENT			
Bernie Campbell	Carer's Representative	Public Partner	PRESENT	PRESENT			
Lorna Birse-Stewart	Non Executive Director	NHS Tayside	APOLOGIES	APOLOGIES			
Pat Kilpatrick	Non Executive Director	NHS Tayside	APOLOGIES	PRESENT			

In Attendance

Name	Designation	Organisation	19 Jun 18	18 Jul 18	20 Sep 18	30 Nov 18	19 Feb 19
Gordon Paterson	Chief Officer	P&K HSCP	PRESENT	PRESENT			
Jane Smith	Chief Financial Officer	P&K HSCP	PRESENT	PRESENT			
Evelyn Devine	Head of Health	P&K HSCP	PRESENT	PRESENT			
Diane Fraser	Head of Adult Social Work	P&K HSCP		PRESENT			
Jacquie Pepper	Chief Social Work Officer	Perth & Kinross Council		PRESENT			
Hamish Dougall	Associate Medical Director	P&K HSCP		PRESENT			
Robert Peat	Non Executive Director	NHS Tayside	PRESENT				
Maggie Rapley	Service Manager	P&K HSCP		PRESENT			
Phil Jerrard	Governance & Risk Coordinator	P&K HSCP	PRESENT				
Scott Hendry	Team Leader (Committee Services)	Perth & Kinross Council		PRESENT			
Adam Taylor	Assistant Committee Officer	Perth & Kinross Council	PRESENT	PRESENT			
Tony Gaskin	Internal Auditor	NHS Fife	PRESENT				
Donna Mitchell	Finance Manager	P&K HSCP	PRESENT				
Jackie Clark	Internal Auditor	Perth & Kinross Council	PRESENT				
Sandy Strathearn		P&K HSCP		PRESENT			
Councillor Colin Stewart	Elected Member	Perth & Kinross Council		PRESENT			

Audit and Assurance Committee Handbook

March 2018

Scottish Government
Riaghaltas na h-Alba
gov.scot

Contents

Foreword

An effective Audit and Assurance Committee* is essential to a strong corporate governance culture within public and private sector organisations.

The role is a challenging one and needs strong, independent members with an appropriate range of skills and experience. It will benefit from a strong collaborative relationship with the organisation to ensure that the committee gets the support and information that it needs. The committee will also need to act as the conscience of the organisation. This means providing insight and strong constructive challenge where required, such as on risks arising from fiscal and resource constraints, cyber-attack and transformation programmes. It also means challenging the agility of the organisation to respond to emerging risks.

This revision of the Handbook** sets out the fundamental principles with explanatory good practice notes, relating to the role, membership and work of Audit and Assurance Committees in those organisations to which the Scottish Public Finance Manual is directly applicable. This includes the core Scottish Government and bodies sponsored by the Scottish Government such as Executive Agencies, Non Ministerial Departments, Non Departmental Public Bodies and Other Significant Bodies.

The Handbook emphasises the sources of assurance available to Audit and Assurance Committees in addition to internal and external audit. We encourage all organisations within the Scottish Government family to define their assurance needs, map their various sources of assurance and develop an integrated approach to assurance which will secure best value for the public purse and embed best practice principles within their organisation.

A degree of flexibility, pragmatism and proportionality will be needed in applying the guidance in this Handbook to individual organisations. For example, the use of the term "Board" referred to in chapter 4 should be interpreted in the context of the "On Board" Guidance (March 2017), which defines the differences between Statutory and Management Advisory Boards. Subject to these caveats, any significant non-compliance with the principles in this Handbook should be explained and reported in the annual Governance Statement.

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We commend this Handbook to you.

Leslie Evans   Alyson Stafford

Permanent Secretary   Director General Scottish Exchequer

* Alternatively referred to as the Audit Committee / Audit and Risk Committee / Audit and Risk Assurance Committee. For the purposes of this Handbook-the term Audit and Assurance Committee will be used in a generic context.

**The *Scottish Government Audit and Assurance Committee Handbook* draws on, and is consistent with, generally accepted principles concerning corporate governance and the role of audit and assurance committees. Relevant source publications include:

- HM Treasury: Audit and Risk Assurance Committee Handbook (March 2016)
- HM Treasury: Corporate Governance in Central Government Departments: Code of Good Practice (July 2011)
- OPM and CIPFA: Good Governance Standard for Public Services (2005)
- Financial Reporting Council: The UK Corporate Governance Code (April 2016)
- Scottish Public Finance Manual
- On Board: A Guide for Members of Statutory Boards in Scotland (March 2017)
- On Board: A Guide for Members of Management Advisory Boards (March 2017)

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Glossary of Terms

AO	Accountable Officer
CoA	Certificates of Assurance
DG	Director General
IAD	Internal Audit Directorate
NDPB	Non Departmental Public Body
NMD	Non Ministerial Department
NXD	Non-Executive Director
OCIO	Office of the Chief Information Officer
PSIAS	Public Sector Internal Audit Standards
SG	Scottish Government
SGAAC	Scottish Government Audit and Assurance Committee
SPCD	Scottish Procurement and Commercial Directorate
3LA	Three Lines of Assurance

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Chapter 1: Good Practice Principles for Audit and Assurance Committees

Principle 1: Membership, independence, objectivity and understanding

The committee should be independent and objective; in addition, each member should have a good understanding of the objectives and priorities of the organisation and of their role as a committee member.

Principle 2: Skills

The committee should corporately own an appropriate skills mix to allow it to carry out its overall function.

Principle 3: Role and Scope

The committee should support the Accountable Officer and Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

The scope of the committee's work should be defined in its terms of reference and should encompass all the assurance needs of the Accountable Officer and Board. Within this, the committee should have particular engagement with the work of Internal Audit, risk management, the External Auditor, and financial management and reporting issues.

Principle 4: Communication and Reporting

The committee should ensure that it has effective communication with all key stakeholders, for example, the Board, the Head of Internal Audit, the External Auditor and other relevant assurance providers e.g. Risk Manager. In addition, the role of the Chair and provision of appropriate secretariat support are important elements in achieving committee effectiveness. Good practice guidance on these roles is provided, respectively, in **Annex A** and **Annex B**.

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Chapter 2: Membership, Independence, Objectivity and Understanding

Independence

2.1 An effective Audit and Assurance Committee must have members who are both independent and objective. The Accountable Officer and Board should be supported by an Audit and Assurance Committee with no executive responsibilities, comprising of at least three members. The Chair should be a Non-Executive Member (NEBM) [sometimes called a Non-Executive Director (NXD)] with relevant experience. There should be at least one other NEBM/NXD on the committee; when there are insufficient NEBMs/NXDs to form the committee, independent external members will need to be appointed. The committee may also need to seek further independent, non-executive membership from sources other than the Board in order to ensure an appropriate level of skills and experience. These members are appointed to the Audit and Assurance Committee but not to the Board and the independence of the committee from an executive function should be its guiding ethos. In order to operate in an independent and competent manner, the committee should possess the requisite knowledge and skills to effectively engage with and challenge the organisation (see Chapter 4: Role and Scope).

Relationship with the Executive of the organisation

2.2 Executive members of the organisation should not be appointed to the Audit and Assurance Committee. The role of the executive managers is to attend, to provide information, and to participate in discussions, either for the whole duration of a meeting or for particular items.

2.3 The Accountable Officer and the Finance Director should routinely attend the Audit and Assurance Committee. It is also normal for the Head of Internal Audit and a representative of the External Auditor to attend. However, the strategic internal audit terms of reference, which forms the basis of the relationship between the body and internal audit, should also provide for the Audit and Assurance Committee to sit

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privately without any non-members present for all or part of a meeting if they so wish.

2.4 It is also good practice for the Chair of the Audit and Assurance Committee to meet the Accountable Officer, the Finance Director, the Head of Internal Audit and the External Auditor's senior representative outside of the formal committee structure (see Chapter 5: Communication and Reporting).

Other participants

2.5 It is also common for representatives of sponsoring or sponsored bodies to attend Audit and Assurance Committee meetings (for example, a member of the core Scottish Government may attend the Audit and Assurance Committee of one of its Executive Agencies or bodies). However, such representatives should not be appointed as members of the committee.

Conflicts of interest

2.6 Normally the process for recording declarations of conflicts of interests in the Audit and Assurance Committee should mirror the processes used at Board level. Each member of the committee should take personal responsibility to declare pro-actively any potential conflict of interest arising out of business on the committee's agenda or from changes in the member's personal circumstances. The Chair should then determine an appropriate course of action with the member. For example, the member might simply be asked to leave while a particular item of business is taken; or in more extreme cases the member could be asked to leave the committee. If it is the Chair who has a conflict of interest, the Board or Accountable Officer should ask another member of the committee to lead in determining the appropriate course of action. A key factor in determining the course of action will be the likely duration of the conflict of interest: a conflict likely to endure for a long time is more likely to suggest that the member should leave.

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Terms of appointment

2.7 All members of the Audit and Assurance Committee should have a clear understanding of:

- what is expected of them in their role, including time commitments;

- how their individual performance will be appraised, including a clear understanding of what would be regarded as unsatisfactory performance and the criteria which would indicate the termination of Audit and Assurance Committee membership should be considered;

- the duration of their appointment and how often it may be renewed; and

- training required and how this will be provided.

2.8 The terms of appointment of an Audit and Assurance Committee member should be clearly set out at the time of appointment. A model letter of appointment is set out at **Annex C**. The letter should also specify what other activities the individual may or may not undertake in relation to the organisation. The impact on independence of any remuneration from other activities should be given careful consideration.

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Chapter 3: Skills

The committee should corporately own an appropriate skills mix to allow it to carry out its overall function.

Range of skills

3.1 The committee is charged with ensuring that the Board and Accountable Officer of the organisation gain the assurance they need on risk management, governance and internal control. So, it needs a range of skills and experience relevant to various aspects of risk, governance and control. A competency framework for an Audit and Assurance Committee is at **Annex G**.

3.2 Because of the importance of financial management and financial reporting to every organisation, at least one member of the committee should have recent and relevant financial experience. This experience should be sufficient to allow them to engage competently with financial management and reporting in the organisation, and associated assurances.

3.3 The committee should identify, and agree with the Board and Accountable Officer, the other skills required for committee effectiveness. These identified skills should inform the choice of members of the committee. The required skills set should be periodically reviewed.

3.4 Although Audit and Assurance Committee members are recruited for their individual skills, it is vital that they are able to work collaboratively.

Additional skills

3.5 The committee should be empowered to either:

- co-opt members for a period of time (not exceeding a year, and with the approval of the Board and/or Accountable Officer) to provide specialist skills, knowledge and experience that the committee needs at a particular time; (Co-opted members may be remunerated at an appropriate rate for the time and effort they are expected to contribute); or

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- procure specialist advice at the expense of the organisation on an ad-hoc basis in order to support in relation to particular committee business. Budgets for such procurement should be approved by the Board and/or Accountable Officer.

Training and development

3.6 All committee members, whatever their status or background, will have training and development needs. Those who have recently joined the Audit and Assurance Committee will need induction training, either to help them understand their role; or if they have Audit and Assurance Committee experience elsewhere, to help them understand the organisation. In particular, those joining a public sector Audit and Assurance Committee for the first time will need training to help them understand public sector standards, especially those relating to governance and accountability and internal audit (PSIAS).

3.7 The Chair should, in addition, ensure that all committee members have an appropriate programme of engagement with the organisation and its activities to help them understand the organisation, its objectives, business needs, priorities and risk profile. Consideration should be given to underpinning such programmes with training and/or learning plans.

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Chapter 4: Role and Scope

Supporting the Board and Accountable Officer

4.1 Accountable Officers and Boards have many issues competing for their attention. One of the challenges they face is knowing whether they are giving their attention to the right issues. Key to addressing this is assurance, defined as: "an evaluated opinion, based on evidence gained from review, on the organisation's governance, risk management and internal control framework"

4.2 Assurance draws attention to the aspects of risk management, governance and control that are functioning effectively and, just as importantly, the aspects which need to be given attention to improve them. An effective risk management framework and a risk-based approach to assurance helps an Accountable Officer and Board to judge whether or not its agenda is focussing on the issues that are most significant to achieving the organisation's objectives and whether best use of resources is being made. The Audit and Assurance Committee can help the Accountable Officer and Board to formulate their assurance needs, and then consider how well assurance received actually meets these needs by gauging the extent to which assurance on risk management is comprehensive and reliable. Assurance cannot be absolute so the committee will need to know that the organisation is making effective use of the finite assurance mechanisms at its disposal, targeting areas of greatest risk. This can include carrying out a 'Deep Dive' exercise of risks that the committee determine are key threats to the organisation.

4.3 Formulation of the specific assurance need is key to determining the resource that needs to be dedicated to delivery of assurance in the organisation. Key elements include:

- the strategic outcomes and objectives which the organisation is charged to deliver, and the associated risks and control mechanisms;

- the sources of assurance available; and

- the level of confidence required in assurances, including the extent to which the range of assurance providers can be relied on by Internal Audit in

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delivering its overall opinion on risk, control and governance in accordance with the Public Sector Internal Audit Standards.

4.4 A well designed assurance framework will help. At its simplest, this will identify all the key sources of assurance in the organisation and seeks to orchestrate them to best effect. This can help to ensure that gaps are reduced or eliminated and unnecessary duplication avoided. A conceptual model that is often used to help to categorise the various sources of assurance is the 'three lines of assurance'. By defining the sources of assurance in three broad categories, it helps to understand how the type and nature of the mechanisms can contribute to the bigger assurance picture:

- First line: management assurance from "front line" or business operational areas;

- Second line: oversight of management activity, including effective management information, separate from those responsible for delivery, but not independent of the organisation's management chain; and

- Third line: independent and more objective assurance, including the role of Internal Audit and from external bodies (e.g. accreditation and Gateway reviews). Further detail of the role of Internal Audit is provided later in this chapter.

4.5 An understanding of the three lines of assurance can help the Audit and Assurance Committee to play a key role in helping the Accountable Officer and Board establish an optimum mix of assurance. For example, management and oversight assurance activities can be harnessed to provide coverage of routine operations, with Internal Audit activity more effectively targeted at riskier or more complex areas. As well as strengthening assurance arrangements, this helps the Audit and Assurance Committee to demonstrate added value to the organisation. Advice on developing assurance frameworks is available in the Treasury Assurance Framework Guidance document.

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4.6 The overall provision of assurances to the Accountable Officer and Board should be reviewed by the Audit and Assurance Committee, which should constructively challenge:

- whether the nature and scope of the assurance providers' activity meets the Accountable Officer's and Board's assurance needs;

- the credibility and independence of each provider; and

- where appropriate, the actual assurances to test that sufficient reliable evidence and that conclusions are reasonable in the context of the evidence.

The committee should also be proactive in commissioning assurance work from appropriate sources if it identifies any significant risk, governance and control issues which are not being subjected to sufficient review, and in seeking assurance on weaknesses identified by reviews are actually remedied by management.

A "prompt" list of questions for Audit and Risk Assurance Committees to ask is provided at **Annex F**.

4.7 The overall committee view may draw attention to areas where:

- risk is being appropriately managed (no action needed);

- risk is inadequately controlled (action needed to improve control);

- risk is over controlled (resource being wasted which could be diverted to other use); and/or

- there is lack of evidence to support a conclusion. If this concerns areas material to the organisation's operations more assurance work may be needed, subject to an assessment of costs and benefits.

4.8 Assurance should be obtained on risks across the organisation. The governance structure of the departmental family/group will therefore need to ensure that there is effective communication on risks and control to ensure appropriate visibility of and timely action on such matters as well as to feed into the annual Governance Statement.

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4.9 Similarly assurance on the risk and control environment should also encompass services outsourced to external providers, including shared service arrangements, so that all key elements of the organisation are considered as parts of the wider organisation and business function.

4.10 It is also good practice to have reasonable oversight of risks that cross organisational boundaries, for example, in major projects. This could include a Chairs of Audit and Assurance Committee Forum. Any such forum should focus on assurances on cross organisational governance, risk and control arrangements.

Internal and external audit

4.11 For any government organisation there will always be two significant sources of independent and objective assurance: Internal Audit and External Audit.

4.12 The work of Internal Audit is carried out primarily for the benefit of the Accountable Officer and Board/Executive of the organisation and is likely to be the single most significant resource used by the committee in discharging its responsibilities. This is because the Head of Internal Audit, in accordance with the Public Sector Internal Audit Standards, has a responsibility to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes. There is consequently a major synergy between the purpose of the Head of Internal Audit and the role of the Audit and Assurance Committee.

4.13 In central government, the Auditor General is responsible for securing the external audit of most public sector bodies in Scotland and reporting on their financial health and performance. Audit work is carried out by Audit Scotland staff and appointed auditors including private firms. This includes the audits of financial statements as well as performance and Best Value audits. All external auditors appointed by the Auditor General are required to follow the Code of Audit Practice which outlines their responsibilities. Once appointed, auditors act independently in carrying out their responsibilities and in exercising professional judgement.

4.14 The role of the Audit and Assurance Committee in relation to Internal Audit should include advising the Accounting Officer and Board on:

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- the Internal Audit strategy and periodic Internal Audit plans, forming a view on how well they reflect the organisation's risk exposure and support the Head of Internal Audit's responsibility to provide an annual opinion;

- the adequacy of the resources available to Internal Audit;

- the Internal Audit charter/terms of reference for Internal Audit;

- the results of Internal Audit work, including reports on the effectiveness of systems for governance, risk management and control, and management responses to issues raised;

- the annual Internal Audit opinion and annual report; and

- the performance of Internal Audit, including conformance with the applicable standards, expected performance measures, and the results of both internal and external quality assessments.

4.15 Auditor responsibilities are derived from statute, the Code of Audit Practice, International Standards on Auditing (UK and Ireland) and professional requirements. These include:

- undertaking statutory duties, and complying with professional engagement and ethical standards
- providing an opinion on audited bodies' financial statements and, where appropriate, the regularity of transactions
- reviewing and reporting on, as appropriate, other information such as annual governance statements, management commentaries and remuneration reports
- notifying the Auditor General when circumstances indicate that a statutory report may be required.

4.16 The Code of Audit Practice defines a wider scope for public audit that goes beyond the financial statements. This includes work that contributes to audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability. External auditors will report annually to those charged with

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governance on the results of their work covering both the financial statements and wider scope audit work. Audited annual financial statements including the independent auditors' reports, and reports by the Auditor General are sent to Scottish ministers to be laid before the Scottish Parliament.

4.17 It is important that the Audit and Assurance Committee engages regularly with external audit. The committee should consider the results of external audit work and the proposed actions against audit recommendations. The committee should also consider planned external audit activity and enquire about the level of coordination and engagement between internal and external audit to ensure there is no unnecessary duplication of audit work.

Governance

4.18 It is essential that the committee understands how governance arrangements support achievement of the organisation's strategies and objectives, especially:

- the organisation's vision and purpose;

- mechanisms to ensure effective organisational accountability, performance and risk management;

- role definitions, committee and other structures to support effective discharge of responsibilities, decision making and reporting;

- promotion of appropriate ethics and values within the organisation;

- communication of management information, including on risk and control among the board and to appropriate areas of the organisation; and

- relations with ALBs including reporting functions to relevant AACs and Scottish Government.

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Risk management and the control environment

4.19 It is also essential that the committee:

- understands the organisation's business strategy, operating environment and the associated risks, taking into account all key elements of the organisation as parts of an "Extended Enterprise";

- understands, where applicable, the role and activities of the Board (or equivalent senior governance/advisory body) in relation to managing risk;

- discusses with the Board its policies, attitude to and appetite for risk to ensure these are appropriately defined and communicated so management operates within these parameters;

- understands the framework for risk assessment, management and assurance and the assignment of responsibilities;

- critically challenges and reviews the risk management and assurance framework, without second guessing management, to provide assurance that the arrangements are actively working in the organisations; and

- critically challenges and reviews the adequacy and effectiveness of control processes in responding to risks within the organisation's governance, operations, compliance and information systems.

Financial management and reporting

4.20 The committee should consider significant accounting policies, any changes to them and any significant estimates and judgements, if possible before the start of the financial year. It should also review the clarity and completeness of disclosures in the year-end financial statements and consider whether the disclosures made are set properly in context.

4.21 The committee will not itself be able to review the accounts in detail in order to advise the Accounting Officer whether they are true and fair. Ideally, the committee should expect a comprehensive overview of the financial statements by the Finance Director, including comparisons with the prior year and current year budget, and an

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explanation for any issues arising. In reaching a view on the accounts, the committee should consider:

- key accounting policies and disclosures;

- assurances about the financial systems which provide the figures for the accounts;

- the quality of the control arrangements over the preparation of the accounts;

- key judgements made in preparing the accounts;

- any disputes arising between those preparing the accounts and the auditors; and

- reports, advice and findings from external audit (especially the Audit Completion Report – ISA 260 Report).

Terms of reference

4.22 The committee's terms of reference should be agreed by the Accountable Officer/Board and made publicly available (including on the organisation's website). It is important that a balance is struck during meetings between corporate governance, risk management, control and financial reporting items. The terms of reference should be reviewed annually alongside the performance of the committee. Model terms of reference are suggested at **Annex D**. A suggested self-assessment checklist is provided at **Annex H**.

4.23 The responsibilities assigned to the committee should not provide any conflict with the guidance in this handbook, in particular by compromising independence. The committee should not have any executive responsibilities or be charged with making or endorsing any decisions, although it may draw attention to strengths and weaknesses in control and make suggestions for how such weaknesses might be dealt with. The overarching purpose of the committee is to advise the Accountable Officer and Board; it is then the Accountable Officer and Board that make the relevant decisions.

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4.24 The committee should have appropriate authority to require any member of the organisation to report on the management of risk or on the control environment within their areas of responsibility, in general terms or in respect of specific issues, either by:

- attending a committee meeting; or

- providing written report(s) to the committee to help the committee in fulfilling its role.

4.25 The Accountable Officer and Board need adequate and timely feedback on the work of the committee in order to consider its contributions formally. A schedule of the committee's agreed delegations from the Board, and the mechanisms for feedback and assurance, should be formally documented.

4.26 To fulfil their role, most committees will need to meet at least four times a year. A model "core programme" of work for a Committee meeting four times a year is provided at **Annex E**.

4.27 The committee will require access to funding to cover the costs incurred in fulfilling its role. The funding should be sufficient to:

- meet any remuneration and working expenses of its members (where applicable);

- meet the relevant training needs of its members;

- provide specialist (external) advice or opinions when required; and

- (as agreed with the organisation) provide external review of the effectiveness of the committee.

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Chapter 5: Communication and Reporting

Communication between the Committee and the Board

5.1 The work of the Audit and Assurance Committee needs to be effectively communicated. After each meeting of the committee a report should be prepared for the Accounting Officer and Board to:

- summarise the business taken by the committee, explaining if necessary why that business was regarded as important; and

- offer the views of, and advice from, the committee on issues which they consider the Accounting Officer and Board should take action on.

5.2 If the minutes of the committee meeting are used as the report, care should be taken in their presentation to highlight the advice being provided. These reports should be copied to the Head of Internal Audit and the External Auditor (especially if the report contains advice about or to the auditors).

Improving relationships

5.3 It is important for the committee to have good relationships and communication with those it seeks briefings from, and those it provides assurance to. This ensures that it is effectively engaged with the organisation and able to fulfil its function. This should include where risks cross organisational boundaries, for example, in major projects.

Annual reports

5.4 The committee should provide an Annual Report, timed to support the preparation of the Governance Statement. This internal report needs to be open and honest in presenting the committee's views if it is to be of real benefit to the Accountable Officer and Board. This report is likely to be used by the Accountable Officer and Board in preparing their own report for publication in fulfilment of the reporting requirements of the Scottish Administration.

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5.5 The Annual Report should summarise the committee's work for the year past, and present its opinion about:

- the effectiveness of governance, risk management and control;

- the comprehensiveness of assurances in meeting the Accountable Officer's and Board's needs;

- the reliability and integrity of these assurances;

- whether the assurance available is sufficient to support the Accountable Officer and Board in their decision taking and their accountability obligations;

- the implications of these assurances for the overall management of risk;

- any issues the committee considers pertinent to the Governance Statement and any long term issues the committee thinks the Accounting Officer and/or Board should give attention to;

- financial reporting for the year;

- the quality of both Internal and External Audit and their approach to their responsibilities; and

- the committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

5.6 The Audit and Assurance Committee's report should take into account any other relevant assurance reports.

Bilateral communications

5.7 There should be mutual rights of access between the Chair of the Audit and Assurance Committee, the Accountable Officer, Head of Internal Audit and the External Auditor. Periodic discussions outside of the formal meeting help to ensure that expectations are managed and that there is mutual understanding of current risks and issues.

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Annex A: The role of the Chair: good practice

A.1 Role of Chair

The role goes beyond chairing meetings and is key to achieving committee effectiveness. Key activities in addition to committee meetings should include the following.

- Before each meeting the Chair and the Committee Secretary should meet to discuss and agree the business for the meeting. The Chair should take ownership of, and have final say in, the decisions about what business will be pursued at any particular meeting.

- Meeting time should be optimised by making sure that all agenda papers are issued in good time and then having each paper summarised outlining the key points, cross referred to the organisational business and risk agenda and stating what action the committee is required to take.

- The Chair should ensure that after each meeting appropriate reports are prepared from the committee to the Accountable Officer and Board. An annual report to the Accountable Officer and Board should also be provided.

- The Chair should have bilateral meetings at least annually with the Accountable Officer, the Head of Internal Audit and the External Auditor. In addition, the Chair should meet any people newly appointed to these positions as soon as practicable after their appointment.

- The Chair should also ensure that all committee members have an appropriate programme of engagement with the organisation and its activities to help them understand the organisation, its objectives, business needs and priorities.

- The Chair of the Audit and Assurance Committee should establish a mechanism enabling key stakeholders to consider the overall risk and assurance needs (see 5.3).

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- Encouraging good, open relationships between the committee, Accountable Officer, Finance Director and Internal and External Auditors. There are a number of ways that a Chair can encourage this.

The profile of the committee can be raised to support and add weight to audit work by:

- promoting audit issues internally with relevant Board members and other directors to make sure they appreciate the value of audit;

- holding managers within the organisation to account for the implementation of audit recommendations; and

- calling appropriate business heads to meetings, for example, to explain how they are delivering their agreed actions on risks for which they are responsible.

- Arranging separate meetings for the Chair, Non-Executives and independent members and Internal and External Auditors to help establish open working relationships;

- Arranging meetings with the Chair, Internal Auditors and the Finance Director etc in the weeks leading up to the committee meeting to discuss areas for the agenda and papers that should be provided;

- Arranging meetings with the Internal Auditors (and possibly External Audit) immediately before the committee meeting to help give focus to discussions; and

- The Chair should ensure that there is an appropriate process between meetings for action points arising from committee business to be appropriately pursued. The Chair should also ensure that members who have missed a meeting are appropriately briefed on the business conducted in their absence. Chairs may choose to rely on the Secretariat to take these actions.

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A2 Appraisal

The Chair should take the lead in ensuring that committee members are provided with appropriate appraisal of their performance as a committee member and that training needs are identified and addressed. The Chair should seek appraisal of their performance from the Accountable Officer (or Chair of the Board, as appropriate).

The Chair should ensure that there is a periodic review of the overall effectiveness of the committee and of its terms of reference.

A.3 Appointments

The Chair should be involved in the appointment of new committee members, including providing advice on the skills and experience being sought by the committee when a new member is appointed.

The Chair should also be actively involved in the appointment of the Head of Internal Audit.

A.4 Resources

The Chair is responsible for ensuring that the work of the committee is appropriately resourced.

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Annex B: Committee support: good practice

B.1 The secretariat should be able to support the Chair in identifying business to be taken, and the relevant priorities of the business. For this reason, and as the Audit and Assurance Committee is a committee of the Board, the Committee's Secretariat function should be supervised by the Board Secretariat. The Chair of the committee and the Secretariat should agree procedures for commissioning briefing to accompany business items on the committee's agenda and timetables for the issue of meeting notices, agendas, and minutes. The Chair of the committee should always review and approve minutes of meetings before they are circulated.

B.2 The specific responsibilities of the Audit and Assurance Committee Secretariat should include:

- meeting with the Chair to prepare agendas for meetings;

- commissioning papers as necessary to support agenda items;

- circulating meeting documents in good time before each meeting;

- arranging for executives to be available as necessary to discuss specific agenda items with the committee during meetings;

- keeping a record of meetings and providing draft minutes for the Chair's approval;

- ensuring action points are being taken forward between meetings;

- support the Chair in the preparation of committee reports to the Accountable Officer and Board;

- arranging the Chair's bilateral meetings with the Accountable Officer, the Head of Internal Audit, the External Auditor, and, in ALBs, with the Chair of the Board etc;

- keeping the Chair and members in touch with developments and relevant background information about developments in the organisation;

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- maintaining a record of when members' terms of appointment are due for renewal or termination;

- ensuring that appropriate appointment processes are initiated when required;

- ensuring that new members receive appropriate induction training, and that all members are supported in identifying and participating in ongoing training; and

- managing budgets allocated to the committee.

B.3 When the committee decides to meet privately, the Chair should decide whether the Secretariat members should also withdraw. If so, the Chair should ensure that an adequate note of proceedings is kept to support the committee's conclusions and advice.

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Annex C: Model letter of appointment

It is recommended that the following issues be included in the Letter of Appointment of an Audit and Assurance Committee member.

Appointment and purpose

You are hereby appointed as a member of the Audit and Assurance Committee of (*organisation*). As a member of the committee you are accountable to the Board (*or Accountable Officer where appropriate*) through the Chair of the Committee. Your appointment is for (*number*) years from (*date*). This appointment may be renewed (*number*) times (*by mutual agreement*) after the duration of this appointment.

The committee is a committee of the Board of (*organisation*) and its purpose is to:

- review the comprehensiveness of assurances in meeting the assurance needs of the Board and Accountable Officer;
- review the reliability and integrity of these assurances;
- review the integrity of the financial statements; and
- advise the Board and Accountable Officer about how well assurances consequently support them in decision taking and in discharging their accountability obligations.

A copy of the committee's Terms of Reference is enclosed. The committee is chaired by (*name*) and the other members are (*names*). [*It is recommended that new members be provided with a list of contact details.*]

Support and training

The Secretary of the Committee is (*name/contact details*) and he/she will shortly be in touch with you to discuss and arrange appropriate induction training.

To help you understand the governance arrangements and the role of Audit and Assurance Committees in government, you should read the Audit and Assurance Committee Handbook published by the Scottish Government.

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Commitment and remuneration

The committee meets at least four times each year, but additional meetings may be required from time to time. You will also be expected to undertake appropriate training and activities designed to keep you in touch with the organisation's activities and priorities. Your remuneration will be (*include details of daily rate and procedures for claims and payment*). All monies paid in connection with this appointment are taxable and it is your responsibility to make appropriate arrangements in respect of income tax.

Expenses and subsistence

Travel and subsistence costs will be paid in accordance with (*the organisation's*) standard arrangements.
A copy of the current rates and conditions is enclosed for your information.

You are entitled to claim the following expenses and subsistence:

- travel expenses to and from home to the meeting venue;
- travel and subsistence expenses incurred as part of the work of the committee away from the normal venue; and
- dependent care costs.

You would be entitled to travel standard class by rail. Any further clarification on (*the organisation's*) arrangements should be sought via the Secretary of the Committee. As a rule of thumb the aim is to use the most efficient and economic means of travel, taking into account sustainability, subsistence costs and savings in time.

Conflicts of interest

Any potential conflict of interest for you in your committee role, including any arising from a change in personal circumstances during your period of appointment, must be declared to the Chair of the Committee.

Appraisal

As a member of the committee you will be subject to appraisal by the Audit and Assurance Committee Chair (*include brief details of the appraisal process*).

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Conduct

You are expected to conduct yourself in accordance with the principles of the *Seven Principles of Public Life* identified by the Committee on Standards in Public Life. A copy of the *Seven Principles of Public Life* is enclosed.

Liability

Under the terms of the *Scottish Public Finance Manual* issued by the Scottish Ministers, individual non-executive board members of public bodies and independent external members of board committees who have acted honestly and in good faith do not have to meet out of their own personal resources any personal civil liability which is incurred in the execution or purported execution of their board or committee functions, save where the person has acted recklessly.

Termination

If you choose to resign from this appointment you will be expected to give (*number*) months' notice, unless your circumstances have changed in a way that make it appropriate for you to resign immediately. If your performance as a committee member is decided to be unacceptable (see appraisal) or if your conduct (including conflicts of interests) is unacceptable your appointment may be terminated by the Board/Accountable Officer (*delete as appropriate*).

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Annex D: Model terms of reference

The Board (and/or Accountable Officer - *delete as appropriate*) has established an Audit and Assurance Committee as a Committee of the Board to support in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

Membership

The members of the committee are:

- non-executive directors: (List those who are appointed to the committee);
- independent external members: (List those who are appointed to the Audit and Assurance Committee; in all cases indicate the date of appointment and when the appointment is due to end/become eligible for renewal).

The committee will be Chaired by ………….

The committee will be provided with a secretariat function by ……..

Reporting

- The committee will formally report in writing to the Board and Accountable Officer after each meeting. A copy of minutes of the meeting may form the basis of the report.
- The committee will provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.

Responsibilities

The committee will advise the Board and Accountable Officer on:

- the strategic processes for risk, control and governance and the governance statement;

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- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for the organisation;
- (*where appropriate*) proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The Audit and Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

Rights

The committee may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Committee.

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Meetings

The procedures for meetings are:

- the committee will meet at least four times a year. The Chair of the Committee may convene additional meetings, as he/she deems necessary;
- a minimum of (*number*) members of the committee will be present for the meeting to be deemed quorate;
- committee meetings will normally be attended by the Accountable Officer, the Finance Director, the Head of Internal Audit, and a representative of External Audit (*add any others who may routinely attend such as representatives of sponsoring/sponsored bodies*);
- the committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;
- the committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters;
- the Board or Accountable Officer may ask the committee to convene further meetings to discuss particular issues on which they want the committee's advice.

Information requirements

For each meeting the committee will be provided with:

- a report summarising any significant changes to the organisation's Risk Register;
- a progress report from the Head of Internal Audit summarising:
  - work performed (and a comparison with work planned);
  - key issues emerging from Internal Audit work;
  - management response to audit recommendations;
  - significant changes to the audit plan;
  - any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report from the External Audit representative summarising work done and emerging findings.

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As and when appropriate, the committee will also be provided with:

- business update reports from the Accountable Officer;
- the Charter / Terms of Reference of the Internal Audit Directorate;
- the Internal Audit Strategy;
- the annual Internal Audit Plan
- the Head of Internal Audit's Annual Opinion and Report;
- quality assurance reports on the Internal Audit function;
- the draft accounts of the organisation;
- the draft governance statement;
- a report on any changes to accounting policies;
- External Audit's management letter/report;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit;
- a report on the Counter Fraud and Bribery arrangements and performance;
- reports from other sources within the "three lines of assurance" integrated assurance framework (eg Best Value self-assessment Reviews, Gateway Reviews, Health Check Reviews, ICT Assurance Reviews, Digital 1st Service Standard Reviews, Procurement Capability Reviews, Procurement Key Stage Reviews).

The above list suggests minimum requirements for the inputs which should be provided to the committee. In some cases more may be provided.

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Annex E: Example Annual Core Work Programme

Spring Meeting

- Review performance relating to risk management
- Review the Internal Audit charter / terms of reference, strategy and the periodic work plan for the coming financial year
- Consider External Audit plans for the coming financial year
- Consider any reports from Internal Audit and management responses
- Consider financial reports, including relevant information about financial performance and achievement of financial targets
- Consider any reports from other sources within the "three lines of assurance" integrated assurance framework

Summer Meeting

- Review performance relating to risk management
- Review and consider the accounts for the financial year just finished
- Consider (emerging) External Audit opinion for the financial year just finished
- Review assurances provided by senior staff for the annual governance statement
- Consider Internal Audit opinion for the financial year just finished
- Consider an annual report on fraud and security
- Advise the Accountable Officer on signing the accounts and governance statement
- Consider any reports from Internal Audit and management responses
- Consider a financial report, including relevant information about financial performance and achievement of financial targets
- Consider an annual report to the Board and Accountable Officer
- Consider any reports from other sources within the "three lines of assurance" integrated assurance framework

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Autumn Meeting

- Review performance relating to risk management
- Review the performance management arrangements adopted by the body including, where appropriate, the timetable for reviewing such arrangements
- Consider any reports from Internal Audit and management responses
- Consider the External Audit management letter for the previous financial year and the response to/implementation of any recommendations
- Consider a financial report, including relevant information about financial performance and achievement of financial targets
- Consider any reports from other sources within the "three lines of assurance" integrated assurance framework

Winter Meeting

- Review performance relating to risk management
- Consider any reports from Internal Audit and management responses
- Consider a financial report, including relevant information about financial performance and achievement of financial targets
- Consider the committee's own effectiveness in its work
- Review the committee's Terms of Reference
- Consider any reports from other sources within the "three lines of assurance" integrated assurance framework

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Annex F: Key lines of enquiry

This list of questions is not intended to be exhaustive or restrictive nor should it be treated as a tick list substituting for detailed consideration of the issues it raises. Rather it is intended to act as a 'prompt' to help the committee ensure that their work is comprehensive.

On the strategic processes for risk, control and governance, how do we know:

- that the risk management culture is appropriate?
- that there is a comprehensive process for identifying and evaluating risk, and for deciding what levels of risk are tolerable?
- that the risk register is an accurate reflection of the risks facing the organisation?
- that appropriate ownership of risk is in place?
- that management has an appropriate view of how effective internal control is?
- that risk management is carried out in a way that really benefits the organisation or is it treated as a box ticking exercise?
- that the organisation as a whole is aware of the importance of risk management and of the organisation's risk priorities?
- that the system of internal control will provide indicators of things going wrong?
- that the AO's annual governance statement is meaningful, and what evidence underpins it?
- that the governance statement appropriately discloses action to deal with material problems?
- that the organisation is appropriately considering the results of the effectiveness review underpinning the governance statement?

On risk management processes, how do we know:

- how senior management (and Ministers where appropriate) support and promote risk management?
- how well are people equipped and supported to manage risk well?
- that there is a clear risk strategy and policies?

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- that the organisation's risk appetite has been articulated?
- that there are effective arrangements for managing risks with partners?
- that the organisation's processes incorporate effective risk management?
- if risks are handled well:

  - key strategic risks can change very quickly?
  - scenario planning and stress testing?
  - bubbling under' risks?

- Risk focus is wide enough:
  - external and emerging risks are considered?
  - 'financial' risks and 'non-financial' risks are reviewed?

- if risk management contributes to achieving outcomes?
- that management are regularly reviewing top risks?

On the planned activity and results of both internal and external audit, how do we know:

- that the Internal Audit strategy is appropriate for delivery of a positive reasonable assurance on the whole of risk, control and governance?
- that the internal audit plan will achieve the objectives of the Internal Audit strategy, and in particular is it adequate to facilitate a positive, reasonable assurance on the key risks facing the organisation?
- that Internal Audit has appropriate resources, including skills, to deliver its objectives?
- that Internal Audit takes appropriate account of other assurance activity, especially in the first and second line (and that this assurance is understood and owned by management)? that Internal Audit recommendations that have been agreed by management are timeously implemented?
- that any issues arising from line management not accepting Internal Audit recommendations are appropriately escalated for consideration?

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- that the quality of Internal Audit work is adequate? What does application of the Internal Audit Quality Assessment process tell us about the quality of the Internal Audit service?
- that there is appropriate co-operation between the internal and external auditors?
- The Accountable Officer and Board have taken all necessary steps to make themselves aware of any relevant information and that auditors are aware of that information?

A more detailed tool for evaluation of the quality of the Internal Audit service is the "Internal Audit Quality Assessment Framework" produced by HM Treasury.

On the accounting policies, the accounts, and the annual report of the organisation, how do we know:

- how effective and accurate budgeting and in-year forecasting is?
- if the finance function is fit for purpose?
- what the "hidden" financial risks are, relating to (inter alia):
- HR?
- VAT?
- Overruns?
- Sudden loss of funding/revenue?
- that the accounting policies in place comply with relevant requirements, particularly the HMT *Financial Reporting Manual*?
- there has been due process in preparing the accounts and annual report and is that process robust?
- that the accounts and annual report have been subjected to sufficient review by management and by the Board and Accountable Officer?
- that when new or novel accounting issues arise, appropriate advice on accounting treatment is gained?
- that there is an appropriate anti-fraud policy in place and losses are suitably recorded?
- that suitable processes are in place to ensure accurate financial records are kept?

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- that suitable processes are in place to ensure fraud is guarded against and regularity and propriety is achieved?
- that financial control, including the structure of delegations, enables the organisation to achieve its objectives with good value for money?
- if there are any issues likely to lead to qualification of the accounts?
- if the accounts have been qualified, that appropriate action is being taken to deal with the reason for qualification?
- that issues raised by the External Auditors are given appropriate attention?

On the adequacy of management response to issues identified by audit activity, how do we know:

- that the implementation of recommendations is monitored and followed up?
- that there are suitable resolution procedures in place for cases when management reject audit recommendations which the auditors stand by as being important?

On assurances relating to the corporate governance requirements for the organisation, how do we know:

- corporate governance arrangements operate effectively and are clear to the whole organisation?
- the Accountable Officer's Governance Statement is meaningful, and that robust evidence underpins it?
- the Governance Statement appropriately discloses action to deal with material problems?
- the Board/Executive is appropriately considering the results of the effectiveness review underpinning the annual Governance Statement?
- the range of assurances available is sufficient to facilitate the drafting of a meaningful annual Governance Statement?
- those producing the assurances understand fully the scope of the assurance they are being asked to provide, and the purpose to which it will be put?
- effective mechanisms are in place to ensure that assurances are reliable and adequately evidenced?

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- assurances are 'positively' stated (i.e. – premised on sufficient relevant evidence to support them)?
- the assurances draw appropriate attention to material weaknesses or losses which should be addressed?
- the annual Governance Statement realistically reflects the assurances on which it is premised?

On the work of the committee itself, how do we know:

- that we are being effective in achieving our terms of reference and adding value to corporate governance and control systems of the organisation?
- that we have the appropriate skills mix?
- that we have an appropriate level of understanding of the purpose and work of the organisation?
- that we understand all of the sources of assurance available to the organisation?
- that we have sufficient time to give proper consideration to our business?
- that our individual members are avoiding any conflict of interest?
- that we are avoiding "group think"
- what impact we are having on an organisation?

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Annex G: Competency framework

All members of the committee should have, or acquire as soon as possible after appointment:

- understanding of the objectives of the organisation and current significant issues for the organisation;
- understanding of the organisation's structure, including key relationships such as that with a sponsoring directorate/portfolio or a major partner;
- understanding of the organisation's culture;
- understanding of any relevant legislation or other rules governing the organisation;
- understanding of the organisation's three lines of assurance and sources of assurance;
- broad understanding of the government environment, particularly accountability structures and current major initiatives.

The committee should collectively possess:

- knowledge/skills/experience (as appropriate and required) in:
  - accounting;
  - risk management;
  - audit;
  - technical or specialist issues pertinent to the organisation's business.
- experience of managing similar sized organisations and people management skills;
- understanding of the wider relevant environments in which the organisation operates;
- detailed understanding of the government environment and accountability structures.

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Annex H: Self-assessment checklist

Role and remit	YES/NO/NA	Comments/Action
Does the committee have written terms of reference?		
Do the terms of reference cover the core functions as identified in the *SG Audit and Assurance Committee Handbook*?		
Are the terms of reference approved by the Audit and Assurance Committee and reviewed periodically?		
Has the committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?		
Does the body's governance statement mention the committee's establishment and its broad purpose?		
Does the committee periodically assess its own effectiveness?		
Membership, induction and training	YES/NO/NA	Comments/Action
Has the membership of the committee been formally agreed by the management board and or Accountable Officer and a quorum set?		
Are members appointed for a fixed term?		

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Does at least one of the committee members have a financial background?		
Are all members, including the Chair, independent of the Executive function?		
Are new committee members provided with an appropriate induction?		
Has each member formally declared his or her business interests?		
Are members sufficiently independent of the other key committees of the Board?		
Has the committee considered the arrangements for assessing the attendance and performance of each member?		
Meetings	**YES/NO/NA**	**Comments/Action**
Does the committee meet regularly, at least four times a year?		
Do the terms of reference set out the frequency and broad timing of meetings?		
Does the committee calendar meet the body's business and governance needs, as well as the requirements of the financial reporting calendar?		
Are members attending meetings on a regular basis and if not, is appropriate action taken?		

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	YES/NO/NA	Comments/Action
Does the Accountable Officer attend all meetings and, if not, is he/she provided with a record of discussions?		
Does the committee have the benefit of attendance of appropriate officials at its meetings, including representatives from internal audit, external audit and finance?		
Internal control	**YES/NO/NA**	**Comments/Action**
Does the committee consider the findings of annual reviews by internal audit and others, on the effectiveness of the arrangements for risk management, control and governance?		
Does the committee consider the findings of reviews on the effectiveness of the system of internal control?		
Does the committee have responsibility for review of the draft governance statement and does it consider it separately from the accounts?		
Does the committee consider how accurate and meaningful the governance statement is?		
Does the committee satisfy itself that the arrangements for risk management, control and governance have operated effectively throughout the reporting period?		
Has the committee considered how it should coordinate with other committees that may have responsibility for risk management and corporate governance?		

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Has the committee satisfied itself that the body has adopted appropriate arrangements to counter and deal with fraud?		
Has the committee been made aware of the role of risk management in the preparation of the internal audit plan?		
Does the committee's terms of reference include oversight of the risk management process?		
Does the committee consider assurances provided by senior staff?		
Does the committee receive and consider stewardship reports from senior staff in key business areas such as Finance, HR and ICT?		
Financial reporting and regulatory matters	YES/NO/NA	Comments/Action
Is the committee's role in the consideration of the annual accounts clearly defined?		
Does the committee consider, as appropriate:		
• the suitability of accounting policies and treatments		
• major judgements made		
• large write-offs		
• changes in accounting treatment		

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• the reasonableness of accounting estimates		
• the narrative aspects of reporting?		
Is an committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?		
Does the committee review management's letter of representation?		
Does the committee gain an understanding of management's procedures for preparing the body's annual accounts?		
Does the committee have a mechanism to keep it aware of topical legal and regulatory issues?		
Internal audit	**YES/NO/NA**	**Comments/Action**
Does the Head of Internal Audit attend meetings of the committee?		
Does the committee consider, annually and in detail, the internal audit plan including consideration of whether the scope of internal audit work addresses the body's significant risks?		
Does internal audit have a direct reporting line, if required, to the committee?		

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As well as an annual report from the Head of Internal Audit, does the committee receive progress reports from internal audit?		
Are outputs from follow-up audits by internal audit monitored by the committee and does the committee consider the adequacy of implementation of recommendations?		
If considered necessary, is the committee chair able to hold private discussions with the Head of Internal Audit?		
Is there appropriate co-operation between the internal and external auditors?		
Does the committee review the adequacy of internal audit staffing and other resources?		
Are internal audit performance measures monitored by the committee?		
Has the committee considered the information it wishes to receive from internal audit?		
Has the committee considered formal terms of reference defining internal audit's objectives, responsibilities, authority and reporting lines?		
External audit	YES/NO/NA	Comments/Action
Does the external audit representative attend meetings of the committee?		

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Do the external auditors present and discuss their audit plans and strategy with the committee (recognising the statutory duties of external audit)?		
Does the committee chair hold periodic private discussions with the external auditor?		
Does the committee review the external auditor's annual report to those charged with governance?		
Does the committee ensure that officials are monitoring action taken to implement external audit recommendations?		
Are reports on the work of external audit presented to the Audit and Assurance Committee?		
Does the committee assess the performance of external audit?		
Does the committee consider the external audit fee?		
Administration	YES/NO/NA	Comments/Action
Does the committee have a designated secretariat?		
Are agenda papers circulated in advance of meetings to allow adequate preparation by committee members and attendees?		
Do reports to the committee communicate relevant information at the right frequency, time, and in a format that is effective?		

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Does the committee issue guidelines and/or a pro forma concerning the format and content of the papers to be presented?		
Are minutes prepared and circulated promptly to the appropriate people, including all members of the Board?		
Is a report on matters arising presented or does the Chair raise them at the committee's next meeting?		
Do action points indicate who is to perform what and by when?		
Does the committee provide an effective annual report on its own activities?		
Overall	YES/NO/NA	Comments/Action
Does the committee effectively contribute to the overall control environment of the organisation?		
Are there any areas where the committee could improve upon its current level of effectiveness?		
Does the committee seek feedback on its performance from the Board and Accountable Officer?		

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