

Stephen Brown (Chief Officer)

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Agenda Item: 5

Performance and Audit Committee

Date of Meeting: 18 March 2026.

Subject: Performance and Audit Committee Terms of Reference.

1. Purpose

1.1. To present the revised Terms of Reference for members approval.

2. Recommendations

It is recommended:

2.1. That the updated Terms of Reference for the Performance and Audit Committee, attached as Appendix 1 to this report, be submitted to the Integration Joint Board for consideration.

3. Background

3.1. At the meeting of the Integration Joint Board held on 24 April 2024, the Chair of the Performance and Audit Committee requested an additional non-voting member to enable greater oversight and scrutiny.

3.2. Members will recall the previous membership included four voting members, excluding the Chair and Vice Chair of the Integration Joint Board, and three non-voting members.

3.3. The Terms of Reference were updated to include the proposal for an additional non-voting member which was subsequently approved by the Integration Joint Board of 4 September 2024.

3.4. In terms of the Integration Joint Board's Standing Orders, when the IJB establishes a Committee, it must determine who will act as Chair of that Committee and must determine terms of reference including any delegated authority.

4. Amendments

4.1. Following discussion at the meeting of the Integration Joint Board on 18 February 2026, members agreed that it would be beneficial for the remit of the Performance and Audit Committee to be extended to include providing additional scrutiny, and assurance, to the Integration Joint Board on financial activities.

4.2. The changes on the Terms of Reference, attached as Appendix 1 to this report, are shown as track changes and are summarised as:

- Membership: Details have been updated to include changes since the last review of the Terms of Reference.
- Chair/Vice Chair: This section has been updated to include details of appointment of a Vice Chair.
- Duties: An additional bullet point has been added to include financial activities.
- Review: A new section has been added to detail the review period of the Terms of Reference.

5. Contribution to quality

Please indicate which of the Orkney Community Plan 2025 to 2030 values are supported in this report adding Yes or No to the relevant area(s):

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

6. Resource and financial implications

6.1. There are no risk or financial implications directly arising as a result of this report.

7. Risk, equality and climate change implications

7.1. There are no risk, equality or climate change implications directly arising as a result of this report.

8. Direction required

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

NHS Orkney.	No.
Orkney Islands Council.	No.

9. Escalation required

Please indicate if this report requires escalated to:

NHS Orkney.	No.
Orkney Islands Council.	No.

10. Author and contact information

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

11. Supporting documents

11.1. Appendix 1: Performance and Audit Committee Terms of Reference.

Performance and Audit Committee Terms of Reference

1. Introduction

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

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

2. Constitution

The IJB shall appoint the Committee.

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

The Performance and Audit Committee will consist of eight members in total, of which four will be voting members of the IJB, two drawn from the NHS Orkney (NHSO) membership and two drawn from the Orkney Islands Council (OIC) membership.

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

Current Performance and Audit Committee Membership (May 2025 to May 2027)

Organisation.	Name.
NHSO.	<ul style="list-style-type: none"> • Rona Gold. • Issy Grieve.
OIC.	<ul style="list-style-type: none"> • Councillor Lindsay Hall (Chair). • Councillor Jean Stevenson.
Other Members.	<ul style="list-style-type: none"> • Willie Neish . • Danny Oliver. • Sam Thomas. • Vacant.

3. Chair / Vice Chair

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

The Vice Chair will be nominated from the full membership of the Committee for a two-year period commencing in May 2027.

4. Quorum

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

5. Attendance at Meetings

The Chief Internal Auditor and all members of the Orkney Health and Social Care Partnership Senior Management Team should normally attend meetings, and the external auditor will attend at least one meeting per annum. The Committee may invite additional members as required.

6. Meeting Frequency

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

7. Authority

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

8. Duties

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

Specifically, it will be responsible for the following duties:

- To receive and review quarterly performance reports on activity and outcomes.
- To scrutinise regular reports on financial activity, including deeper dives into particular aspects of budgetary pressures in order to provide additional assurance to the IJB.
- To receive and review the findings of external Inspection reports related to registered services and monitor the progress of associated improvement plans.
- To assure the IJB of progress and to highlight any service or delivery areas that may be causing concern.

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

9. Review

These Terms of Reference will be reviewed every three years.