

REPORT

Board Assurance Framework

Edinburgh Integration Joint Board

15 December 2020

Executive Summary

The purpose of this report is to provide the board with an update on the board assurance framework, including a proposal for levels of assurance and a suggested mechanism for reviewing the work of the Integration Joint Board committees.

Recommendations

It is recommended that the Integration Joint Board agree to adopt the:

1. approach to including assurance levels in IJB report; and
2. suggested mechanism for reviewing the work of the committees.

Directions

Direction to City of Edinburgh Council, NHS Lothian or both	No direction required	✓
	Issue a direction to City of Edinburgh Council	
	Issue a direction to NHS Lothian	
	Issue a direction to City of Edinburgh Council & NHS Lothian	

Report Circulation

The information contained in this report was considered by the Audit and Assurance Committee in March and November 2020.

Main Report

Background

1. The Integration Joint Board and its committees are not involved in operational management and delivery, but exercise oversight of performance and delivery

of the strategic plan. As such, the board requires assurance from a range of sources to carry out its governance role.

2. The term “assurance” can be defined in a number of ways, one definition being:
“confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.”
3. An overarching board assurance framework is the mechanism by which the Integration Joint Board (IJB) seeks and receives the appropriate assurance for it to discharge its duties. This paper sets out proposals for 2 aspects of this, the introduction of a:
 - a. systematic approach to **levels of assurance**, based on those currently in place, and operating effectively, in NHS Lothian; and
 - b. framework to provide assurance on the **effectiveness of committees**.

Levels of assurance

4. If the systems of assurance within an organisation are designed properly, they can add value by reducing bureaucracy. This in turn allows the IJB and senior officers to confidently focus on the key matters which do require attention. The design of the systems of assurance should reflect the IJB’s strategic aims.
5. To support this it is proposed to introduce a standard procedure whereby authors of IJB and committee papers are asked to include a recommendation which invites the IJB/committee to select one of the above levels of assurance to reflect its conclusion from its consideration of the paper. It is entirely for the IJB or the committee to decide what level to accept. The Audit and Assurance Committee (A&AC) debated this approach and agreed to recommend that the IJB adopts the following five levels of assurance for all reports which are providing the board with assurance:
 - a. Significant
 - b. Moderate
 - c. Limited
 - d. None
 - e. Not assessed yet.
6. Definitions are included as appendix 1.

Effectiveness of committees

7. One of the ways which that IJB received assurance is via the A&AC. One of the duties in the draft terms of reference for this committee is to:
“review the work of other committees within the organisation and its subsidiaries, whose work can provide relevant assurance to the Audit and Assurance Committee’s own scope of work and in relation to matters of quality affecting the Board Assurance Framework, including the Clinical and Care

Governance Committee, the Performance and Delivery Committee, Strategic Planning Group and Futures Committee”

8. This review should be structured in a way which provides assurance to the IJB as well as informing the content of the Governance Statement (which is part of the annual accounts).

Proposed process for review of committee effectiveness

9. Under the draft terms of reference, each of the IJB’s committees is required to review its effectiveness. The A&AC should have oversight of this process and, ultimately, provides assurance which underpins the annual governance statement. In order for the A&AC to be able to give the requisite assurance it is proposed that each committee is asked to prepare an annual report. Further, as part of this process, committees should review their own effectiveness.

Committee annual reports

10. The annual report of each committee should be prepared by reviewing:
 - a. the extent to which it has received the **assurance** it requires to fulfil its remit; and
 - b. feedback from for committee members, this gives an indication of **committee effectiveness**.
11. Committee annual reports should cover the business of all meetings held in the relevant financial year and therefore committees should review and approve their annual reports after 31st March each year. The reports should be designed to support the assurance the committees are giving and identify any significant issues, rather than provide commentary on work undertaken during the year.
12. The starting point for this process is to ask each committee to identify what its assurance needs are, these should be based on the remit of the committee. The next step is to agree specifically what the committee wants assurance on in order to fulfil its function. This gives a baseline to inform what they ask officers to report on, and the committee to judge if the need has been met.
13. Following this process would give each committee a tailored checklist which supports their specific assurance requirements. This should be used as the basis to prepare, review and approve the annual report.
14. It is important to ensure that the annual report captures any relevant business or other information from the meeting in which it was approved. Any changes to the draft presented to the committee should be clearly specified and properly recorded in the minutes, together with the decision of the committee to authorise the chair to approve the final version of the report.
15. The A&AC (as well as the external auditors and internal auditors) will consider these reports to determine whether or not the content of the governance statement (which is part of the annual accounts) is complete and appropriate.

Review of committee effectiveness

16. As part of this process of producing the committees should review their own effectiveness. A standard questionnaire (Appendix 2) is provided so that the committee members can be surveyed to get their views on how the committee has worked. The questionnaire may be adapted if there are any specific issues that the committee chair wishes to cover.

Role of the Audit and Assurance Committee

17. The returns will be considered at the A&AC, at the same time the annual accounts (incorporating the governance statement) are being scrutinised. Members of the A&AC could consider whether they would like the other committee chairs to be present when the assurance reports are being discussed.

Arrangements for 2020/21

18. Recognising that the committees have only recently resumed and already have full workplans in place for the rest of the year, a “light touch” arrangement is proposed for 2020/21. For this year only, this would involve the committees being asked to prepare annual reports using a standard checklist. This would then give the next year for each committee to develop its own unique listing, based on the relevant terms of reference. A suggested template is attached as appendix 3.

Implications for Edinburgh Integration Joint Board

Financial

19. There are no specific implications arising from this report.

Legal/risk implications

20. The proposed approach set out in this report is designed to support the assurance process, thus reducing risk

Equality and integrated impact assessment

21. There are no specific implications arising from this report.

Environment and sustainability impacts

22. There are no specific implications arising from this report.

Quality of care

23. There are no specific implications arising from this report.

Consultation

24. This report has been prepared with the support of the corporate governance teams in the City of Edinburgh Council and NHS Lothian.

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Background Reports

None

Appendices

- | | |
|------------|-------------------------------------|
| Appendix 1 | Definition of assurance levels |
| Appendix 2 | Committee effectiveness survey form |
| Appendix 2 | Draft committee annual report |

DEFINITION OF ASSURANCE LEVELS

Definition	Most likely course of action by the IJB or committee
LEVEL – SIGNIFICANT	
<p>The IJB (or committee) can take reasonable assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.</p> <p>Examples of when significant assurance can be taken are:</p> <ul style="list-style-type: none"> • The purpose is quite narrowly defined, and it is relatively easy to be comprehensively assured. • There is little evidence of system failure and the system appears to be robust and sustainable. • The IJB/committee is provided with evidence from several different sources to support its conclusion. 	<p>If there are no issues at all, the IJB or committee may not require a further report until the next scheduled periodic review of the subject, or if circumstances materially change.</p> <p>In the event of there being any residual actions to address, the IJB or committee may ask for assurance that they have been completed at a later date agreed with the Chief Officer or relevant executive lead, or it may not require that assurance.</p>
LEVEL – MODERATE	
<p>The IJB/committee can take reasonable assurance that controls upon which the organisation relies to manage the risk(s) are in the main suitably designed and effectively applied. There remains a moderate amount of residual risk.</p> <p>Moderate assurance can be taken where:</p> <ul style="list-style-type: none"> • In most respects the “purpose” is being achieved. • There are some areas where further action is required, and the residual risk is greater than “insignificant”. • The report includes a proposed remedial action plan, the committee considers it to be credible and acceptable. 	<p>The IJB/committee will ask the Chief Officer/executive lead to provide assurance at an agreed later date that the remedial actions have been completed. The timescale for this assurance will depend on the level of residual risk. If the actions arise from a review conducted by an independent source (e.g. internal audit, or an external regulator), the IJB/committee may prefer to take assurance from that source’s follow-up process, rather than require the Chief Officer/executive lead to produce an additional report.</p>

Definition	Most likely course of action by the IJB or committee
LEVEL – LIMITED	
<p>The IJB/committee can take some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk which requires action to be taken.</p> <p>Examples of when limited assurance can be taken are where:</p> <ul style="list-style-type: none"> • There are known material weaknesses in key areas. • It is known that there will have to be changes to the system (e.g. due to a change in the law) and the impact has not been assessed and planned for. • The report has provided incomplete information, and not covered the whole purpose of the report. • The proposed action plan to address areas of identified residual risk is not comprehensive or credible or deliverable. 	<p>The IJB/committee will ask the Chief Officer/executive lead to provide a further paper at its next meeting, and will monitor the situation until it is satisfied that the level of assurance has been improved.</p>
LEVEL – NONE	
<p>The IJB/committee cannot take any assurance from the information that has been provided. There remains a significant amount of residual risk.</p>	<p>The IJB/committee will ask the Chief Officer/executive lead to provide a further paper at its next meeting, and will monitor the situation until it is satisfied that the level of assurance has been improved.</p> <p>Additionally the chair of the meeting will notify the Chair of the issue.</p>
LEVEL – NOT ASSESSED YET	
<p>This simply means that the IJB/ committee has not received a report on the subject as yet. In order to cover all aspects of its remit, the IJB/committee should agree a forward schedule of when reports on each subject should be received (perhaps within their statement of assurance needs), recognising the relative significance and risk of each subject.</p>	

COMMITTEE EFFECTIVENESS SURVEY FORM

NAME OF COMMITTEE:	
NAME OF COMMITTEE MEMBER:	
DATE OF RESPONSE:	

Instructions

On the following pages you will find a number of statements in relation to the _____ Committee. Those statements relate to the following topics:

1. Committee membership and dynamics
2. Committee meetings, support and information
3. The role and work of the committee

Please consider each statement and mark an **X** in the box that represents your view on the scale ranging from “strongly disagree” to “strongly agree”. A box is also provided for you to provide any further comments you may have in relation to each of the three topics. It would be particularly helpful to receive further comments where you have placed an X in either “strongly disagree”, “disagree” or “slightly disagree”.

When complete, please email the feedback form to XX by YY.

The results will be reviewed and aggregated, and used to inform the content of the committee’s annual report. Any identified areas for development or improvement shall be translated into an action plan which will be reviewed and monitored by the committee.

If you have any queries on the completion of the form, please contact XX.

		Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree
A	Committee Membership and Dynamics						
A1	The membership of the Committee is appropriate with the correct blend of skills, knowledge and experience.						
A2	The Committee includes a sufficient number of members with directly relevant experience.						
A3	All members of the Committee contribute to its deliberations on an informed basis.						
A4	Committee members are offered appropriate development opportunities to support them in undertaking their role.						
A5	The leadership of the Committee by the Committee Chairman is effective and supports input from all members.						

ADDITIONAL COMMENTS ON SECTION A	

		Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree
B	Committee Meetings, Support and Information						
B1	The number of committee meetings in each year, and the scheduling of those meetings, is appropriate.						
B2	The length of committee meetings is appropriate to allow the committee to discharge its role.						
B3	Papers presented to the committee are of a high standard and ensure that members have access to appropriate information.						
B4	The committee receives adequate information in relation to national policy/direction/technical developments to enable it to fulfil its role and responsibilities.						
B5	The committee agenda is well managed and ensures that all topics within the remit are considered.						
B6	The support provided to the committee by executives and senior management is appropriate.						

ADDITIONAL COMMENTS ON SECTION B

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		Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree
C	The Role and Work of the Committee						
C1	The Committee has a clear understanding of its role and authority as set out in its terms of reference.						
C2	In discharging its role, the focus of the Committee is at the correct level.						
C3	The Committee has visibility of the mechanisms that are in place to monitor all aspects of its remit.						
C4	The work of the Committee enables it to assure the Board that the Board's policies and procedures (relevant to the Committee's remit) are robust.						
C5	The Committee undertakes appropriate oversight of the implementation of any relevant NHS Scotland strategies/ policy directions/ instructions.						
C6	The Committee links well with other Board committees and the Board itself, and opportunities are taken to share information, learning and good practice.						

ADDITIONAL COMMENTS ON SECTION C

DRAFT COMMITTEE ANNUAL REPORT – 2020/21

Committee objectives	
Work undertaken this year	

Outputs	
Is there anything which prevents the committee from being as effective as they would like to be? If so, please expand.	
Are there any issues of concern you would wish raised at the Board? If so, please expand.	

<p>What (if any) changes are you making based on your experience within the committee?</p>	
<p>Do you feel that there is sufficient skill either on the committee or supporting the committee?</p>	
<p>Are there any other issues you wish to raise?</p>	