



**Governance Framework
December 2020**

Date of Approval by the Board December 2019 and updated sections as indicated in the authorisation table overleaf.

Date	Authorisation	Change
12/12/2019	Board	Accounting officer - contingency arrangements Board & Committee Standing Orders & Terms of Reference updated Delegation scheme - clarified Expert Advisory Panel Terms of Reference added
17/12/2020	Board ARAC	Amended to reflect revised senior structure; Terms of Reference updated following Committee Effectiveness Review
26/05/2021	ARAC	Updated Assurance Table added - approved by ARAC 12/05/2021

Governance Framework

Section Number	Contents	Page
Section 1	Legal framework and operating context	4
Section 2 Standing Orders Board and Committees Terms of Reference	Standing Orders Board Terms of Reference Audit and Risk Assurance Committee ToR Remuneration and Nominations Committee ToR Quality Committee ToR Expert Advisory Panel ToR	8 14 17 22 24 27
Section 3 Code of Conduct Ethics and Propriety	The PHSO Values Code of conduct and the Nolan Principles Register of interests and voluntary statements Fit and Proper Person Policy	29 29 30 33
Section 4 Assurance Framework	Assurance Framework	34
Section 5 Scheme of Delegation	Scheme of Delegation	48
Section 6 Board Effectiveness	Induction Review of effectiveness	52
Section 7 Accountability to Parliament	Annual Report and Accounts Public Administration and Constitutional Affairs Committee (PACAC)	57

Responsibility for the maintenance of, and compliance with, this document lies with the Chief of Staff.

SECTION 1 - Legal framework and operating context

1.1 Statutory Framework

1.1.1 **The Parliamentary Ombudsman** (or Parliamentary Commissioner for Administration) draws powers from the Parliamentary Commissioner Act 1967, as since amended. **The Health Service Commissioner** (or **Health Service Ombudsman**) for England draws powers from the Health Service Commissioners Act 1993. These two roles are combined in the Parliamentary and Health Service Ombudsman. In law, the Parliamentary and Health Service Ombudsman is a corporation sole with personal jurisdiction. This is not consistent with modern requirements of good governance so the Ombudsman has appointed a unitary Board to strengthen the governance of the organisation.

1.1.2 The Ombudsman is appointed by Her Majesty, for a fixed term not exceeding seven years. The Ombudsman is answerable to Parliament and the Parliamentary and Constitutional Affairs Committee. Legislation sets out the basis of appointment; the remuneration arrangements; the appointment of officers in support, and that the Ombudsman has the power to conduct investigations, produce reports and to lay these before Parliament. There is substantial discretion vested in the role.

1.1.3 The Ombudsman is accountable to Parliament as **Accounting Officer** for the stewardship of resources. The Ombudsman discharges this accountability through assurance from the CEO (the Accountable Officer) and Executive Team, and through Board and Audit and Risk Assurance Committee assurance and challenge. The Ombudsman is also responsible for the sound governance and effective internal control of the organisation.

1.2 Role of the Parliamentary and Health Service Ombudsman

1.2.1 The Ombudsman performs three roles:

1.2.2 Ombudsman

1.2.2.1 The Ombudsman has statutory responsibility for final decisions on individual parliamentary and health service cases. The Ombudsman acts personally where we identify big or repeated mistakes that may have system-wide relevance. To ensure that this extensive casework is managed within a defined system of appropriate oversight, the Ombudsman has a scheme of delegated authority and has appointed two Deputy Ombudsmen: The Chief Executive and the Director of Legal & Professional Services.

1.2.3 Chair of Board

- 1.2.3.1 As Chair of the Board, the Ombudsman can call upon a range of independent expertise from both external, independent non-executives with appropriate skills and from a team of qualified and experienced executive officers.
- 1.2.3.2 As the Chair of the Board, the Ombudsman promotes collective decision-making, but reserves the right, given the statutory requirements of the role, to depart from the Board's decisions but only as a last resort and with a commitment to put any reasons in writing.
- 1.2.3.3 The Chair will conduct annual development reviews for non-executive members and the annual and mid-year reviews of the performance of the Chief Executive.

1.2.4 Accounting Officer

- 1.2.4.1 As set out in 'Managing Public Money' (UK Government Publication, 2015) the Accounting Officer is the person who Parliament calls to account for stewardship of its resources. The Accounting Officer should ensure that the organisation, operates effectively and to a high standard of probity. The PHSO is not obliged to adhere to 'Managing Public Money'. However, as this represents best practice, PHSO chooses to comply with the principles of 'Managing Public Money' insofar as they are relevant.
- 1.2.4.2 Under Managing Public Money, the organisation should:
- 1.2.4.2.1 Governance
- have a governance structure which transmits, delegates, implements and enforces decisions.
 - have trustworthy internal controls to safeguard, channel and record resources as intended.
 - work cooperatively with partners in the public interest.
 - operate with propriety and regularity in all its transactions.
 - treat its customers and business counterparties fairly, honestly and with integrity.
 - offer appropriate redress for failure to meet agreed customer standards.
 - give timely, transparent and realistic accounts of its business and decisions, underpinning public confidence.
- 1.2.4.2.2 Decision-making
- make all its decisions in line with the strategy, aims and objectives of the organisation and/or in legislation.

- take a balanced view of the organisation's approach to managing opportunity and risk.
- impose no more than proportionate and defensible burdens on business.

1.2.4.2.3 Financial management

- use its resources efficiently, economically and effectively, avoiding waste and extravagance.
- plan to use its resources on an affordable and sustainable path, within agreed limits.
- carry out procurement and project appraisal objectively and fairly, using cost benefit analysis and generally seeking good value for the Exchequer as a whole.
- use management information systems to gain assurance about value for money and the quality of delivery and so make timely adjustments.
- avoid over defining detail and imposing undue compliance costs, either internally or on its customers and stakeholders.
- have practical documented arrangements for controlling or working in partnership with other organisations, as appropriate.
- use internal and external audit to improve its internal controls and performance.

1.2.4.2.4 In particular, the Accounting Officer must personally sign:

- the accounts;
- the annual report;
- the governance statement;
- and having been satisfied that they have been properly prepared to reflect the business of the organisation, must personally approve:
- voted budget limits; and
- the associated Estimates Memorandum.

1.2.4.2.5 There are several other areas where the Accounting Officer should take personal responsibility:

- outside the normal delegations or outside the subheads of Estimates;
- affordability and regularity and propriety, including securing Treasury approval for any expenditure sustainability, respecting agreed budgets and avoiding unaffordable longer term commitments, taking a proportionate view about other demands for resources;
- value for money, ensuring that the organisation's procurement, projects and processes are systematically evaluated to provide confidence about suitability, effectiveness, prudence, and quality;
- management of opportunity and risk to achieve the right balance commensurate with the institution's business and risk appetite;

- learning from experience, both using internal feedback and from right across the public sector;
- accounting accurately for the organisation's financial position and transactions, to ensure that its published financial information is transparent and up to date; and that the organisation's efficiency in the use of resources is tracked and recorded.

Should the Accounting Officer be unavailable for a prolonged period of time, in accordance with Managing Public Money, HM Treasury will be asked to appoint the Chief Executive Officer and Deputy Ombudsman Acting Temporary Accounting Officer, who will assume full responsibility for the above in the Accounting Officers absence.

1.3 Role of the Board

1.3.1 There is no requirement in legislation for the Ombudsman to appoint a Board. The role of the Board is therefore at the discretion of the Ombudsman and as a result, is advisory in nature. The Board makes collective decisions on the strategic direction and performance of the PHSO service. In practice, the Board works as a fully functioning unitary board, but has no responsibility for individual cases.

1.4 Role of the Chief Executive

1.4.1 The role of the Chief Executive is to lead the organisation to deliver its strategic, financial and operational objectives, as defined in the corporate strategy, the annual business plan and expenditure limits. Leadership must be exercised following direction of the Board in the context of approved policies.

1.4.2 The Chief Executive reports to the Board, in respect of organisational performance, and has performance of certain specific statutory responsibilities officially delegated by the Ombudsman, and financial responsibilities delegated by the Accounting Officer. These are set out in the scheme of delegation.

Section 2 -Standing Orders and Terms of Reference for Board and Committees

2.1 Standing Orders

- 2.1.1 These Standing Orders set out the basic rules and procedures for the PHSO's Board and its committees (with appropriate alteration). All Board and Committee members and the Chief Operating Officer must be aware of them and be familiar with the details.
- 2.1.2 At any meeting, the Chair has the final decision on the interpretation of the Standing Orders (on the advice of the Chief of Staff).
- 2.1.3 It is the duty of the Chief of Staff to ensure that existing Board members and Officers are notified of and understand their responsibilities within the Board Standing Orders, the Scheme of Delegation, the Finance Code, the Procurement Code and the Code of Conduct, Ethics and Propriety for Board members.
- 2.1.4 The Standing Orders, the Scheme of Delegation, the Finance Code and the Code of Conduct, Ethics and Propriety for Board members will be reviewed regularly (every two years for the Finance Code and Scheme of Delegation and annually for the remaining) by the Audit and Risk Assurance Committee. All changes must be approved by the Board. Updated copies will be made available to the whole organisation via the PHSO intranet (Ombudsnet) and the PHSO website following the completion of any review.

2.2 Schedule, arrangements for and conduct of meetings

- 2.2.1 As far as practicable, a diary of Board and Committee meetings will be put in place a year in advance.
- 2.2.2 The Chair will give such directions as he/she thinks fit in regard to the arrangements for meetings, including accommodation of the members of staff, so as to ensure that business may be conducted without interruption and disruption and the confidential nature of any business can be respected when required.
- 2.2.3 At least 21 days' notice of an ordinary meeting will be given to members. A special meeting may be called at any other time by the Chair with a minimum of one week's notice.
- 2.2.4 Any meeting shall be convened by the Governance Team by notice addressed to each member, sent by hand, post, or electronic means and stating the purpose of the meeting, whether for general business or any named special business. At a meeting convened for special business, no other business shall be dealt with except that given in

the notice, unless the Board or Committee by a resolution agrees to consider any other business.

2.2.5 No part of any meeting shall be filmed, recorded or broadcast in any manner without the express permission of the Chair.

2.3 Agenda and papers

2.3.1 The final agenda should be approved by the Chair. The Governance Team will then send details of the business to be considered to each member, at least five working days before the day of the meeting. A start time will be included on the agenda.

2.3.2 No business other than that which has been included in the agenda, or any raised under 'Any other business' and accepted as such for discussion by the Chair, should be discussed at any meeting, with the exception of urgent business which may be discussed with the prior consent of the Chair. The Chair has the discretion to alter the order of the agenda at the meeting.

2.3.3 In the case of special meetings, the requirements may be varied as circumstances require.

2.4 Minutes of meetings

2.4.1 Minutes will be taken at each meeting by a member of the Governance Team who will record the attendance of members and all decisions made and the reason(s) for such decisions. Action points and minutes should be circulated to the Chair within 21 calendar days.

2.4.2 The Chair will agree the minutes before they are submitted for approval at the next ordinary meeting.

2.5 Attendance

2.5.1 Members are expected to attend meetings of the Board and of any other Committee where they serve in their capacity as a member or as Chair.

2.5.2 Once noted in the minutes as attending a meeting, members are expected to remain until business has been completed or the meeting otherwise terminated. In exceptional circumstances members may leave early by prior arrangement with the Chair. Where a member is not present for the whole of the meeting, the minutes must indicate for which items the member was present at the time of determination of the item.

2.5.3 The names of others "In Attendance" at the meeting must also be recorded in the minutes.

2.5.4 A member failing, without reasonable cause, to attend 50 per cent of meetings in any 12 month period will be regarded as having made an insufficient contribution to the PHSO Board. This will be taken into account in the annual performance and development review and any reappointment. In exceptional circumstances, the member may obtain prior permission from the Chair for a leave of absence from attending Board meetings for a defined period.

2.6 Adjournment

2.6.1 The Chair may adjourn a meeting to a fixed day and time, as directed by the meeting. Notice of the adjourned meeting shall be given to all members if a meeting is adjourned for seven days or more.

2.7 Declarations of interest

2.7.1 No member may speak, vote or in any other way participate in debate where they have, or could be perceived to have, a personal interest in the matter under discussion except with the permission of the Chair.

2.7.2 Where a member has an interest in any matter under discussion, they shall inform the Chair at the beginning of the meeting and, as needed, during the course of the meeting. The Chair may direct that any member with an interest will leave the meeting for the duration of the discussion.

2.7.3 Although members take no part in casework decisions, in the event that any member has any real or perceived connection with an organisation where a casework decision is discussed, they should remove themselves from the meeting for the duration of that discussion.

2.7.4 Members should err on the side of caution in making declarations. Failure to declare an interest will be regarded as a serious breach of the Code of Conduct (set out in Section 3). If the withdrawal of a member makes the meeting inquorate, the meeting can continue but no decisions can be made.

2.8 Decision Making and Collective Responsibility

2.8.1 As an advisory Board, the Board will endeavour to make decisions primarily by consensus. Only if this proves impossible will questions be decided by vote by a majority of members of the Board present. In the event of a tie, the Chair has the casting vote.

2.8.2 A record of the number of members voting for and against any recommendation at a meeting should be taken. A record of the

number of members abstaining from a vote should also be taken. Members are required to support all Board decisions on the basis of collective responsibility even where they have voted against the decision.

- 2.8.3 Members may be asked to approve recommendations outside of meetings, by email or any other electronic means, if time requires a decision to be made. Approval will require five votes in favour of the recommendation.
- 2.8.4 Where it is known at a meeting of the Board that a decision is required to be taken before the next meeting, members should be informed at the meeting. Where a matter arises between meetings it should only be considered outside of a meeting with the permission of the Chair.
- 2.8.5 Any request for a Chair's action should be supported by a report of the Chief Operating Officer or relevant director on the matter, together with the reasons for the urgency, and submitted to the Governance Officer. The Chair's action report and decision should be signed by the Chief Executive prior to submission to the Chair.
- 2.8.6 The Governance Officer should keep the original signed Chair's action report and maintain a register of decisions taken by Chair's action and make arrangements for Chair's actions to be reported to the next Board meeting.
- 2.8.7 A Chair's action must not be used to revoke or vary the Governance Framework.

2.9 Effect of vacancies on the validity of proceedings

- 2.9.1 The validity of any proceedings of the Board shall not be affected by:
 - 2.9.1.1 A vacancy among the members of the Board;
 - 2.9.1.2 The participation of a member who has been subsequently suspended or removed from the Board.

2.10 Board Committees

- 2.10.1 The Board will establish an Audit and Risk Assurance Committee, Remuneration and Nominations Committee, and a Quality Committee. The Board may establish such other committees as it thinks fit and delegate work to those committees. The Board will approve the appointments to each of the Committees which it has formally constituted.
- 2.10.2 The Chairs of the Board's Committees will be appointed by the Board at its first meeting of the financial year. Each Committee Chair will

be a member of the Board and will hold office as Committee Chair for the following year.

2.10.3 The Board will approve the terms of reference for its Committees at least annually. Membership of the Committees will consist of non-executive Board members unless agreed that an independent member is appointed. If agreed the independent member is appointed for a term of two years, renewable up to a maximum term of five years. The independent member may resign from the Committee by writing to the Chair of the Committee providing 30 days' notice.

2.10.4 Minutes of Committee meetings will be submitted to the next Board meeting alongside a one-page summary of the meeting. Committee chairs will report annually to the Board on the work of the committee.

2.11 Board and Committee Secretariat

2.11.1 The Secretariat will:

- Agree the agenda with the Chair in line with the agreed forward programme approved by the Board, to allow sufficient time for preparation and approval of reports.
- Circulate the agenda with supporting documentation at least five working days before the meeting. In normal circumstances, papers will be circulated in hard and electronic copy in accordance with PHSO's security policy.
- Produce a minute of the attendees, proceedings and decisions, including further action required within specified timeframes.
- Confidential items will be subject to a separate record and will not be made available beyond members and other necessary recipients.
- Maintain a rolling log of actions and submit it to each meeting for review.
- Keep and maintain a register of members' interests.
- Maintain a forward programme of items for future meetings.

2.12 Communication

2.12.1 There should be a page on the PHSO's intranet dedicated to governance matters. This should include a copy of this Governance Framework and the contact details of all Governance Team members.

2.13 Suspension of Standing Orders

2.13.1 Except where this would contravene any statutory provision or any direction made by the Board, any one or more of the Board Standing

Orders may be suspended at any meeting, provided that at least two-thirds of the Board are present, and that a majority of those present vote in favour of suspension.

- 2.13.2 A decision to suspend Board Standing Orders will be recorded in the minutes of the meeting. No formal business may be transacted while Board Standing Orders are suspended.
- 2.13.3 A separate record of matters discussed during the suspension of Board Standing Orders must be made and must be available to the Chair and Board members.
- 2.13.4 The Audit and Risk and Assurance Committee must receive a report of every decision to suspend Board Standing Orders.

2.14 Approval, Variation and Amendment of Board Standing Orders

- 2.14.1 These Board Standing Orders and any amendment to them can only be approved if:
 - A notice of motion has been given (i.e. at least 10 working days in advance).
 - No fewer than half the total of the Board members vote in favour, either in person or in writing.
 - At least five of the whole number of the Chair and Board members appointed participate in the ballot.
 - The variation proposed does not contravene a statutory provision or direction made under the governing legislation.

2.15. Board Terms of reference

2.15.1 Purpose

2.15.1.1 The purpose of the Board is to make collective decisions on the strategic direction and performance of the PHSO service.

2.15.2 Responsibilities

2.15.2.1 The Board is a non-statutory unitary Board established at the discretion of the Ombudsman. To deliver its role, the Board focuses on:

- Strategy, planning and policy
- Development of the organisation to deliver its strategic aims
- Governance, including risk and assurance
- Performance, including financial, service quality, and operations

2.15.2.2 The Board has no responsibility for individual casework decisions or investigations. These remain the responsibility of the Ombudsman, managed within the Scheme of Delegation.

2.15.2.3 Matters reserved for the Board include:

- Vision, mission, strategy and key policies¹
- Annual business plan and budget
- Annual Report and Accounts
- All non-pay expenditure above £500k whether a single item, over the life of a single contract or constitutes the total cost of a project.

2.15.2.4 The personal accountability of the Ombudsman derived from statute is pre-eminent. Reflecting this statutory accountability, the Ombudsman has the right to disagree with Board decisions but will do so as a last resort and should put reasons in writing to the Board.

2.15.3 Frequency of meetings

2.15.3.1 The Board will meet at least seven times per year for general business. Four meetings will consider the Quarterly Corporate Performance Report after the end of each quarter. A meeting in the spring will agree the Business Plan and budget for the forthcoming business year.

2.15.3.2 A special meeting will be held to sign off the Annual Report and Resource Accounts. A Business Planning away day will be held in the

¹ Key policies are defined as the Governance Framework, the Finance Code, the Procurement Code, the Code of Conduct, Ethics and Propriety and the Service Charter.

autumn to consider strategic priorities for the period ahead. One of the Board meetings each year will include a Board effectiveness review.

2.15.4 Reporting

2.15.4.1 Minutes of Board meetings will be drafted and circulated within 21 calendar days. Minutes will be submitted to the next ordinary Board meeting for approval.

2.15.5 Access

2.15.5.1 Where circumstances permit, staff members will be invited to observe the unrestricted part of the meeting (up to five staff members per meeting). The PHSO Board will operate in an open and transparent fashion, publishing minutes except where confidentiality necessitates discussions being held in private, or for some other special reason such as commercial sensitivity.

2.15.6 Membership

2.15.6.1 The Chair will be taken at all Board meetings by the Ombudsman. If for any reason the Chair is absent from a meeting of the Board, the meeting will be chaired by the Senior Independent Director (SID).

2.15.6.2 The membership of the Board consists of both executive and non-executive members, with non-executive members in the majority. Total members will not exceed 13, including the Chair. Directors attend Board meetings to provide advice in respect of their areas and contribute to discussions. The Chair may appoint a Senior Independent Director (SID). The duties of the SID are:

- Act as a sounding board for the Chair on board matters
- Be the focal point for board members for any concerns regarding the Chair, or the relationship between the Chair and the Chief Executive
- When asked by the Chair and Board, the SID will act as the main point of contact with Parliament for the appointment of a new Chair
- Review and approve the Chair's expenses

2.15.6.3 A Board member may resign their position on the Board by giving 30 days' notice in writing to the Chair.

2.15.7 Appointment to the Board

2.15.7.1 Non-executive members will be appointed by the Board, on the recommendation of the Remuneration and Nominations committee for a term of no more than three years, renewable for one further

term only. Appointment will be through an open and transparent recruitment and selection process.

2.15.7.2 The Chief Executive and Chief Operating Officer will be ex-officio executive members of the Board. The Chief Executive and Chief Operating Officer will be appointed by the Board on the recommendation of the Remuneration and Nominations Committee. The Remuneration and Nominations Committee will determine the recruitment and selection process. For the Chief Operating Officer, the Chief Executive will be a member of the selection panel.

2.15.8 Quorum

2.15.8.1 The quorum will be five and non-executives must be in the majority. A meeting of the Board shall stand adjourned if fewer than five Board members are present. Where a meeting becomes inquorate, business transacted before the meeting was inquorate will not be invalidated by the later lack of quorum.

2.15.9. Effectiveness reviews

2.15.9.1 The Board will conduct an annual review of its own effectiveness in respect of these functions, including a review of its own and Committee terms of reference.

2.16 Audit and Risk Assurance Committee Terms of Reference

2.16.1 Purpose

2.16.1.1 The Audit and Risk Assurance Committee ('the Committee') is constituted as a committee of the Board.

2.16.1.2 The Committee's role is to support the Board, specifically the Ombudsman and Chief Executive, as Accounting Officer and Accountable Officer, respectively, in advising on the adequacy of the Office's corporate governance and control systems through:

- offering objective advice on issues concerning the risk, control and governance of the organisation and associated assurances provided by internal and external audit and other processes;
- constructively challenging, where and when appropriate, executive decisions to ensure that these are the best possible and achieve value for money in the light of the available evidence; and
- adding value by helping the Accounting Officer and Accountable Officer ensure good judgment has been exercised.

2.16.2 Responsibilities

2.16.2.1 Committee will consider and advise the Board, specifically the Accounting Officer and Accountable Officer, on the following matters:

- the Resource Accounts (giving particular consideration to those issues listed at Annex A);
- accounting policies and practice relevant to the organisation (including compliance with required standards);
- corporate governance assurances provided by internal and external audit and other assurance processes (the Committee and its activities shall be included in the Governance Statement), and the extent to which corporate governance is embedded throughout PHSO;
- upholding standards of propriety in PHSO business;
- achievement of value for money;
- the plans of internal and external audit, including assessing priorities and promotion of understanding of the role of audit within PHSO;
- recommending further internal audits as appropriate beyond those agreed and budgeted for in the annual plan;
- the results of audit work, including individual audits, progress, follow-up and annual reports, and management letters;
- the adequacy of management responses to issues raised by internal and external audit; and of compliance with internal audit recommendations;
- the processes for assessing, reporting and owning business risks and their financial implications, including the capability of PHSO's internal reporting system to provide early warning of control failures and emerging risks; the adequacy of PHSO's assurance arrangements;
- the adequacy of systems of quality assurance for PHSO's core activities;
- the appointment of internal auditors;

- the cost and performance of the internal and external audit services;
- the adequacy of PHSO's anti-fraud and bribery policy;
- the adequacy of PHSO's freedom to speak up: raising concerns policy; and
- the adequacy of PHSO's sustainability targets.

2.16.2.2 In order to undertake its duties effectively, the Committee should be provided with the following:

- internal and external audit strategy and plans (including planned co-operation between internal and external auditors);
- progress reports from the Head of Internal Audit on:
 - *work performed since the last meeting (with a comparison against work originally planned)*
 - *update on stage reached in each audit assignment planned*
 - *results of follow-up work on implementation of audit recommendations*
 - *key issues arising from internal audit work in the period*
- PHSO's draft Annual Report and Resource Accounts (including Governance Statement) for assessment;
- the Head of Internal Audit Annual Report and opinion;
- copies of all internal audit published reports for review and consideration;
- appropriate reports from members and attendees on areas covered by the Committee's remit including risk arrangements, quality assurance etc;
- PHSO's Risk Register and Assurance Table;
- the External Audit Management Letter;
- proposals for changes of accounting policies;
- report(s) of any suspected fraud or serious irregularity;
- report(s) of any losses and special payments; and
- report(s) of all contracts awarded and/or appointments made through single tender actions of a value exceeding £3,000.

2.16.3 Frequency of Meetings

2.16.3.1 The Committee will meet at least four times a year, to coincide with key points in the annual financial accounting cycle and in the delivery of work from internal audit providers and the NAO.

2.16.3.2 The Committee may exceptionally meet more than four times a year to discuss specific issues, with the agreement of the Chair.

2.16.4 Reporting

2.16.4.1 Minutes of committee meetings will be submitted to the next ordinary Board meeting alongside a one-page summary of the meeting.

2.16.4.2 The Committee will provide the Board, specifically the Accounting Officer and Accountable Officer, with an Annual Report. This will be timed to support the preparation of the Annual Report and Resource Accounts, specifically the Governance Statement.

2.16.4.3 Where necessitated, the Committee may wish to raise issues of concern to the Board for its attention. On such occasion, the Committee Chair should agree the most appropriate procedure with the Accounting Officer and Accountable Officer.

2.16.5 Access

2.16.5.1 The appointed Head of Internal Audit and the NAO will have free and confidential access to the Committee Chair.

2.16.6 Membership

2.16.6.1 At least 4 members

- Chair to be NEBM with relevant experience
- The Committee may 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.
- The Committee should possess the requisite knowledge and skills to effectively engage with and challenge the organisation

2.16.7 Appointment to the Committee

2.16.7.1 The Board will approve the appointments to the Committee.

2.16.7.2 The Chair of the Committee will be appointed by the Board at its first meeting of the financial year. The Committee Chair will be a member of the Board and will hold office as Committee Chair for the following year.

2.16.8 Quorum

2.16.8.1 A minimum of three members of the Committee will be present for the meeting to be quorate. In the event that the meeting is inquorate, the meeting can consider its business but any decisions made or advice to the Board must be ratified by the whole Committee prior to action being taken.

2.16.9 Attendance

2.16.9.1 In attendance at Committee meetings will also usually be:

- The Ombudsman (as Accounting Officer);
- Chief Executive (as Accountable Officer);
- Chief Operating Officer;
- Director and/or Assignment Manager of the External Auditor (NAO); and

- Partner/Director appointed PHSO's Head of Internal Audit and/or Senior Manager (outsourced internal audit provider);
- Chief of Staff

2.16.9.2 Other PHSO executives and senior managers may be asked to attend Committee meetings for consideration of specific items relating to their respective areas of responsibility. This will be agreed with the Committee Chair prior to each meeting.

2.16.9.3 The Committee will be provided with a secretariat function by the Corporate Services Directorate.

2.16.10 Effectiveness reviews

2.16.10.1 The Committee will review its own effectiveness and report the results to the Board annually.

Annex A

2.16.11 Considerations for the Audit and Risk Assurance Committee in respect of PHSO's Resource Accounts

2.16.11.1 Before the Accounting Officer signs off the Annual Report and Financial Statements, the Committee should scrutinise:

- that the accounting policies in place comply with relevant requirements, particularly the Treasury's Financial Reporting Manual and Accounts Direction;
- that there has been a robust process in preparing the accounts and annual report;
- whether the accounts and annual report have been subjected to sufficient review by management and by the Accounting Officer and/or Board;
- that when new or novel accounting treatments arise, whether appropriate advice on accounting treatment has been taken;
- whether there is an appropriate anti-fraud policy in place, and whether losses are suitably recorded;
- whether suitable processes are in place to ensure accurate financial records are kept;
- whether suitable processes are in place to ensure regularity and propriety is achieved; and
- whether issues raised by the External Auditors have been given appropriate attention.

2.16.11.2 The Committee should satisfy itself that the annual financial statements represent fairly the financial position of the organisation.

2.16.11.3 Before the Accounting Officer signs off the Letter of Representation, the Committee should review it and give particular attention to non-standard issues of representation.

2.17 Remuneration and Nominations Committee Terms of Reference

2.17.1 Purpose

2.17.1.1 The role of the Remuneration and Nominations Committee is to agree pay and performance review arrangements for the Chief Executive and Chief Operating Officer and to advise on their annual individual pay awards.

2.17.1.2 The Remuneration and Nominations Committee is a committee of the Board from which it derives its authority and to which it reports.

2.17.2 Responsibilities

2.17.2.1 The Committee has specific responsibility for:

2.17.2.2 Annually reviewing and agreeing Chief Executive pay and performance review arrangements, including criteria for any performance related pay elements.

2.17.2.3 Considering recommendations for, and advising the Chief Executive on individual pay awards and performance related pay for the Chief Operating Officer, and deciding amounts.

2.17.2.4 Considering how any individual pay anomalies or disputes concerning executive director pay should be resolved.

2.17.2.5 To support the recruitment of executive and non-executive Board members.

2.17.2.6 Note: The Remuneration and Nominations Committee will be informed about annual pay settlements for pay bands 1-8 for consistency in approach, but decisions are matters for the Chief Executive to negotiate and agree with the trade unions within the agreed overarching PHSO pay policy and arrangements.

2.17.2.7 The Remuneration and Appointments Committee will ensure that its decisions:

- Support the achievement of PHSO's strategic aims;
- Are proportionate, fair and equitable, and support Equal Pay principles;
- Take into account wider public sector pay policy and good practice;
- Are supported by an appropriate level of information and analysis.

2.17.3 Frequency of meetings

2.17.3.1 The Committee shall meet annually to agree annual pay awards and at other times as required.

2.17.4 Reporting

2.17.4.1 Minutes of committee meetings will be submitted to the next ordinary Board meeting.

2.17.5 Access

2.17.5.1 The Committee will have access to expert HR and Remuneration advice.

2.17.6 Membership

2.17.6.1 The membership of the Committee shall be four non-executive Board members.

2.17.7 Appointment to the Committee

2.17.7.1 The Board will approve the appointments to the Committee.

2.17.7.2 The Chair of the Committee will be appointed by the Board at its first meeting of the financial year. The Committee Chair will be a member of the Board and will hold office as Committee Chair for the following year.

2.17.8 Quorum

2.17.8.1 The quorum necessary for the transaction of business shall be two of the four members. If the meeting is inquorate, Committee decisions cannot be made and any discussions will be informal only.

2.17.9 Attendance

2.17.9.1 Relevant staff will be in attendance, except when matters directly relating to their own pay are discussed.

2.18 Quality Committee Terms of Reference

2.18.1 Purpose

- 2.18.1.1 The Quality Committee is a committee of the Board from which it derives its authority and to which it reports.
- 2.18.1.2 The purpose of the Quality Committee is to provide assurance to the Board on both the quality of casework decision-making within PHSO alongside the quality of the customer experience.
- 2.18.1.3 The Quality Committee plays an essential role in providing oversight and assurance of implementation of the Quality Strategy and the Quality Assurance Framework, as well as the Service Charter, a vital area of the PHSO's work. The Quality Strategy and Assurance Framework ensures that PHSO has a clearly defined and effective approach to service improvements and makes high quality casework decision. The Service Charter explains what can be expected from PHSO when we are asked to look into a complaint. This is to give PHSO customers confidence in our service and our decisions. The Quality Committee plays an important role in seeking assurance from the Executive for performance against agreed quality standards and measures. These ensure that PHSO provides high quality casework decisions and that organisations we investigate comply with our recommendations. Decisions and our recommendations will be clearly visible to the public through our developing approach to publishing our decisions.
- 2.18.1.4 Successful implementation of the Service Charter - ensuring the behaviours and commitments it sets out become part of the day-to-day working culture of the PHSO - is absolutely essential to everything that PHSO does. PHSO must be able to accurately and confidently assess how it has delivered against each of the Service Charter commitments. It must be able to identify any shortcomings and set in place clear action plans to address these.
- 2.18.1.5 The Quality Committee will provide challenge and support to the Executive Team on all matters related to quality. In bringing together teams and individuals from across PHSO, the Committee will be committed to creating an environment in which challenges can be openly shared and solutions identified, in line with PHSO's values (p. 27 of the Governance Framework).
- 2.18.1.6 The Quality Committee will not replace the existing executive accountabilities for performance, action planning and delivery of strategic objectives.

2.18.2 Responsibilities

2.18.2.1 The Committee will provide assurance to the Board in relation to the following specific aspects of quality:

- Maintaining oversight of effective implementation of the Quality Strategy and Assurance Framework.
- Seeking assurance from the Executive regarding the effective delivery against quality standards and measures.
- Participating on a quarterly basis in the Senior Level Quality Assurance panel, which scrutinises a sample of casework, as part of the overall Quality Assurance Framework.
- Ensuring there is effective input from service users about how well PHSO handles complaints, and that this is properly considered.
- Scrutinising the analysis of Equality, Diversity and Inclusion data to ensure PHSO is delivering equitable services to the diverse communities it serves.
- Reviewing the Service Charter Dashboard to assess progress against implementation and delivery of the Service Charter. Supporting the delivery of a published end of year report.
- Providing assurance in relation to the customer feedback and quality assurance sampling processes that inform and feed into the Service Charter Dashboard.
- Focusing on risks to quality and to ensure the Committee has a wider understanding of quality beyond the Service Charter.
- Working closely with the Audit and Risk Assurance Committee to inform the PHSO Internal Audit Plan and pro-actively ensure specific reports on service quality and customer experience are included at the right stages during the course of the audit year.
- Working closely with the PHSO Audit and Risk Assurance Committee to review in detail relevant reports from the Internal Audit Plan, supporting them to carry out their Board audit and assurance function.
- Actively commissioning reports and information as necessary to critically assess the PHSO's quality performance on behalf of the Board.

2.18.3 Frequency of meetings

2.18.3.1 The Quality Committee will meet quarterly and its meetings will be scheduled to facilitate timely feedback and review of performance against the Service Charter.

2.18.3.2 With the agreement of the Chair, the Committee may meet or convene more than four times a year to discuss specific issues. In particular these might ensure timely feedback and review from the Committee in formulating relevant papers in the run up to Board meetings

2.18.4 Reporting

2.18.4.1 Minutes of committee meetings will be submitted to the next available Board meeting.

2.18.5 Membership

2.18.5.1 Membership of the Quality Committee will consist of four non-executive Board members.

2.18.6 Appointment to the Committee

2.18.6.1 The Board will approve the appointments to the Committee.

2.18.6.2 The Chair of the Committee will be appointed by the Board at its first meeting of the financial year. The Committee Chair will be a member of the Board and will hold office as Committee Chair for the following year.

2.18.7 Quorum

2.18.7.1 A minimum of two members of the Committee will be present for the meeting to be quorate.

2.18.8 Attendance

2.18.8.1 The Quality Committee will be attended by the Director of Quality, Legal and Clinical, the Director of Operations, and the Assistant Director of Quality and Improvement.

2.18.8.2 Other PHSO executives and senior managers may be asked to attend Committee meetings for consideration of specific items relating to their respective areas of responsibility. This will be agreed with the Committee Chair prior to each meeting.

2.18.9 Effectiveness reviews

2.18.9.1 The Quality Committee will review its own effectiveness and report the results to the Board annually.

2.19 Expert Advisory Panel Terms of Reference

2.19.1 Purpose

2.19.1.1 The Expert Advisory Panel will provide a non-executive advisory function to the Ombudsman. Its members will offer challenge and support in areas of PHSO's work where the Ombudsman would find that useful.

2.19.1.2 Members will contribute individually to different work areas as agreed with the Ombudsman in writing.

2.19.2. Membership

2.19.2.1 The Panel membership consists of independent advisors appointed by the Ombudsman for this purpose.

2.19.2.2 Membership terms are limited to two years, with the option of annual extensions up to a total of five years. This will ensure the Panel's expertise is relevant to the changing priorities of the organisation.

2.19.3 Remit and responsibilities

2.19.3.1 The Expert Advisory Panel members are not PHSO employees and the Panel is not a decision-making forum.

2.19.3.2 Panel members are accountable directly to the Ombudsman and will be called upon individually to work on projects or any other activity as agreed with the Ombudsman.

2.19.3.3 All requests for Panel assistance will be agreed and made by the Ombudsman, either at his own instigation or on the recommendation of the Executive Team.

2.19.3.4 Where the Ombudsman himself identifies the need for advice from a member of the Panel, he will confirm the purpose of the work and the anticipated extent of the time commitment to the Chief Executive for information.

2.19.4 Frequency and Notice of meetings

2.19.4.1 Members will meet in full panel form annually, with additional meetings convened if business needs dictate.

2.19.4.2 The agenda will be agreed by the Ombudsman and will be circulated along with any meeting papers a minimum of five working days before the meeting.

2.19.4.3 The Executive Team will have a standing invitation to attend the meetings. Other members of staff may also attend, subject to the Chair's agreement.

2.19.5 Chair of the meeting

2.19.5.1 At any meeting of the Expert Advisory Panel, the Ombudsman will chair the meeting.

2.19.5.2 If the Ombudsman is absent from the meeting, the Chief Executive Officer will Chair the meeting.

2.19.6 Administration

2.19.6.1 Secretariat support will be provided by the Governance Team.

2.19.6.2 The Secretariat will maintain a schedule of actions arising to record and track the progress of actions, monitoring and review.

2.19.7 Evaluation, review and sign-off

2.19.7.1 The Terms of Reference for the Expert Advisory Panel will be reviewed annually to ensure it is operating at maximum effectiveness. Should any changes be considered necessary, these will be presented to the Ombudsman and the Executive Team for approval.

Section 3- Codes of Conduct, Ethics and Propriety, Fit and Proper Person Policy

3.1 The PHSO Values

All Board Members are expected to abide by and exemplify the Values.

- 3.1.1 Independence - we are independent from organisations we investigate, holding them to account for service failure.
- 3.1.2 Fairness - we listen carefully to complainants and the organisations we investigate and we make impartial and fair decisions based on relevant evidence.
- 3.1.3 Excellence - we learn from engagement with complainants and organisations we investigate to improve our accessibility, efficiency and effectiveness and the quality of our decisions.
- 3.1.4 Transparency - we communicate with those using our service and then publish information about our findings, how we are performing, and how organisations we investigate have implemented our recommendations.

3.2 Code of conduct

- 3.2.1 Members of the Board must observe the Cabinet Office Code of Conduct for Board Members of Public Bodies 2011 (Cabinet Office, 2011) whenever they conduct the business, or act as a representative of the Board.
- 3.2.2 This contains guidance on:
 - Use of Public Funds
 - Allowances
 - Gifts and Hospitality
 - Use of Official Resources
 - Use of Official Information
 - Political Activity
 - Employment and Appointments
- 3.2.3 Members of the Board are also required to observe the Nolan Principles of standards in public life:

Principle	Description
Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.
Leadership	Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

3.3 Register of Interests

- 3.3.1 The Chief of Staff will establish and maintain a Register of Interests to record the interests of the non-executive and executive Board members. These details will be updated at least annually and confirmed at the first Board meeting of the financial year. At any time during the year, the Chief of Staff may amend the register to take account of changes recorded in any supplementary statement lodged (not later than 10 clear working days after a statement of interests is lodged).
- 3.3.2 The Chief of Staff will write annually to non-executive and executive Board members reminding them of the continuing requirements of these Board Standing Orders, but responsibility for registration of interests lies solely with the Board members. The Assistant Director of HR will ensure that all PHSO employees including staff appointed through an agency are reminded of the need to register any interests on appointment and to keep the declaration up to date.
- 3.3.3 Initial registration of interests must not be made later than 21 days after the date of accepting office as a non-executive or executive Board member. Omissions or corrections must be notified to the Chief of Staff immediately, if, after lodging a statement, a Board member becomes aware that s/he, or any member of his or her family, has a registrable interest in respect of which s/he has not lodged a statement. This is also the case if s/he realizes that s/he has an interest which s/he thought did not need to be registered, but which is in fact later identified as a registrable interest. Changes to interests must be notified to the Chief of Staff within 21 days after they have occurred.

3.4 Voluntary statements

- 3.4.1 A non-executive or executive Board member who has an interest which may be relevant to proceedings of the PHSO but which is not a registrable interest, may at any time lodge with the Chief of Staff voluntarily, a written statement giving details of the interest, including the date on which the interest was acquired. Board members may choose to provide

details of any interest which they are not required to register, but which they think may be relevant and which they wish to register.

3.5 Interests to be registered

3.5.1 All relevant and material interests, whether pecuniary or non-pecuniary, must be registered. non-executive and executive Board members need only register, at the point of initial registration, interests that they have at the date of their acceptance of office. They also need to register any interests that they held at least five years before they accepted office but no longer hold.

3.6 Type of information

3.6.1 PHSO “General Notice of Interests to be Registered” form should be used as a guide by non-executive and executive Board members to register their interests. All statements lodged must contain such details of any registrable interest and such other information as are necessary to identify clearly the nature of the interest and, where relevant, its source.

3.7 Declarations of interests

3.7.1 Non-executive and executive Board members must declare any interests in proceedings being considered by the Board and its Committees. Even if a Board member has already registered an interest, it should still be declared at the appropriate time when participating in proceedings. It might be appropriate for a member to declare an interest that does not have to be registered; however, having declared this interest, the member should then consider registering it.

3.7.2 Considering whether to declare an interest in proceedings, the member must consider not only whether s/he will be influenced, but also whether anybody else might reasonably think that s/he might be influenced by the interest. The test to be applied is:
“Would the interest prejudice, or could it give the appearance of prejudicing, his or her ability to participate in the proceedings of the Board relating to that matter in a disinterested manner?”

3.7.3 It is the personal responsibility of each Board member to judge whether an interest requires declaring, but they are advised to err on the side of caution. The interests of a Board member's spouse or domestic partner should also be considered in this context. If there is any doubt about the relevance of an interest, this must be discussed with the Chair or the Chief of Staff.

3.7.4 Timing of declarations

- 3.7.4.1 Board members must declare any interest:
- At any proceedings of the Board and its committees, where a matter affecting a declarable interest is considered, or
 - At meetings of any outside body to which they are appointed or nominated, or
 - In other circumstances where they are active in a role other than for the PHSO.

3.7.5 Making a declaration

- 3.7.5.1 Where there is an interest that must be declared, it must be:
- At the commencement of the proceedings in response to the formal request from the Chair for the declaration of interests, or
 - If the member is unaware of the interest at the commencement of the proceedings, as soon as s/he becomes aware of the interest.
- 3.7.5.2 When an interest is declared, the Board member is required to make an oral statement declaring the nature of the interest if requested to do so by the Chair.

3.8 Ceasing to have an interest

- 3.8.1 If, after lodging a statement of his or her interests, a Board member ceases to have an interest detailed in that statement, s/he is encouraged (but are not required to) lodge with the Chief of Staff a written statement giving the date on which the interest ceased. These statements will ensure that the Register is kept up to date at all times.

3.9 Effect of declaring an interest

- 3.9.1 Non-executive and executive Board members may speak, but may not vote, on matters in which they have an interest that needs to be declared, unless the interest is considered by the Chair of the meeting to be of such a nature as to disqualify him or her from speaking on the matter, and must be reported to the meeting and recorded in the minutes.
- 3.9.2 Where a Board member has an interest by reason only of a beneficial interest in securities of a company's activity in the lesser of £5,000 or 1% of the total value of the company, this does not prohibit the Board member from voting on any question with respect to it, without prejudice to their duty to disclose that interest.

3.10 Recording of interests in the minutes

- 3.10.1 At the time Board members' interests are declared, they must be recorded in the minutes of the meeting. Any changes in interests must be declared at the next meeting following the change occurring and recorded in the minutes of that meeting.

3.11 Fit and Proper Person Policy

- 3.11.1 All members of the Board, Directors, Ombudsman and Deputy Ombuds are required to confirm annually that they are fit and proper to carry out their roles. The policy also allows for additional senior staff to complete the declaration as deemed appropriate. This includes the Chief of Staff.
- 3.11.2 The Chief of Staff to seek annual declarations and to report the findings to ARAC on an annual basis.

SECTION 4- Assurance Framework

4.1 Purpose

4.1.1 HM Treasury defines an Assurance Framework as:

‘... a structured means of identifying and mapping the main sources of assurance in an organisation, and co-ordinating them to best effect.’

- Assurance Frameworks, HM Treasury December 2012

4.1.2 In line with this definition the purpose of PHSO’s Assurance Framework is to:

- Provide a clear shared corporate understanding of what assurance means for PHSO;
- Identify the areas the business is seeking assurance on;
- Identify the sources of assurance that meet the requirement;
- Set out the process whereby assurance is provided and the key principles, accountabilities and responsibilities to ensure this is effective; and
- Provide sufficient, continuous and reliable assurance on corporate stewardship and the management of the major risks to successful delivery of strategic aims and objectives and achieving value for money.

4.1.3 PHSO’s Assurance Framework is part of the organisation’s governance documentation.

4.2 What is meant by Assurance?

4.2.1 The Institute of Internal Auditors define assurance as:

‘... an objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organisation.’

- Institute of Internal Auditors Practice Advisory 2050-2

4.2.2 For PHSO assurance is required in respect of assessing the planned delivery of our strategic aims and objectives, the effectiveness of control frameworks associated with key business processes, and the operation of governance and risk management arrangements.

4.3 Assurance Principles

4.3.1 The following principles are applied to the delivery of assurance activity within PHSO:

- Assurance will be risk based;
- Assurance will reflect accountabilities set out in PHSO’s scheme of delegation;
- PHSO’s assurance arrangements will reflect accepted good practice (e.g. built around the ‘three lines of defence’ assurance model).

4.4 Sources of Assurance

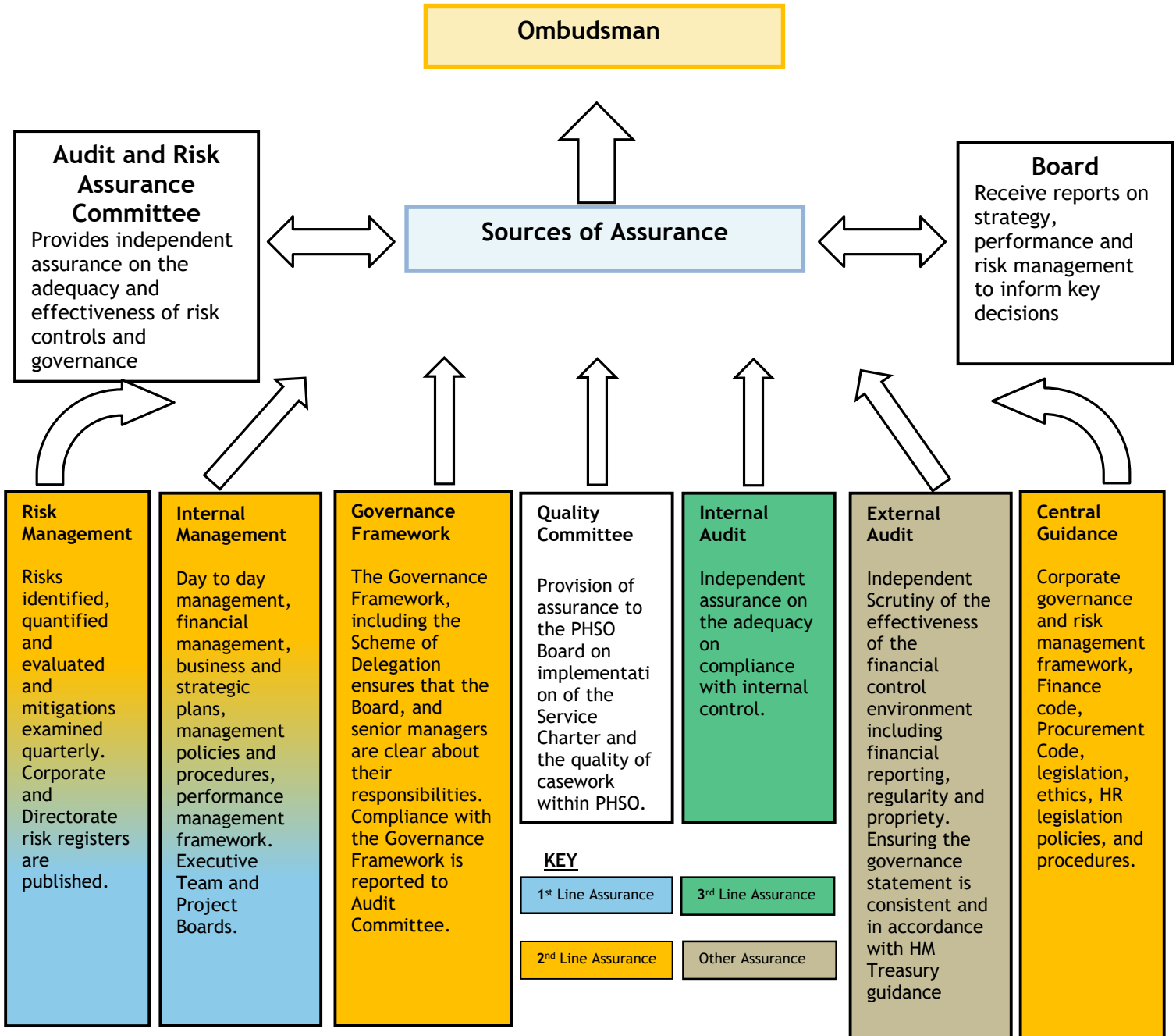
4.4.1 Assurance is taken from performance reporting, assessing the operation of key processes and their controls, and the management of risks and issues as they arise.

4.4.2 In line with Cabinet Office and Treasury guidance on control and assurance frameworks PHSO operates the ‘three lines of defence’ approach to the provision of assurance. These are set out in the table below:

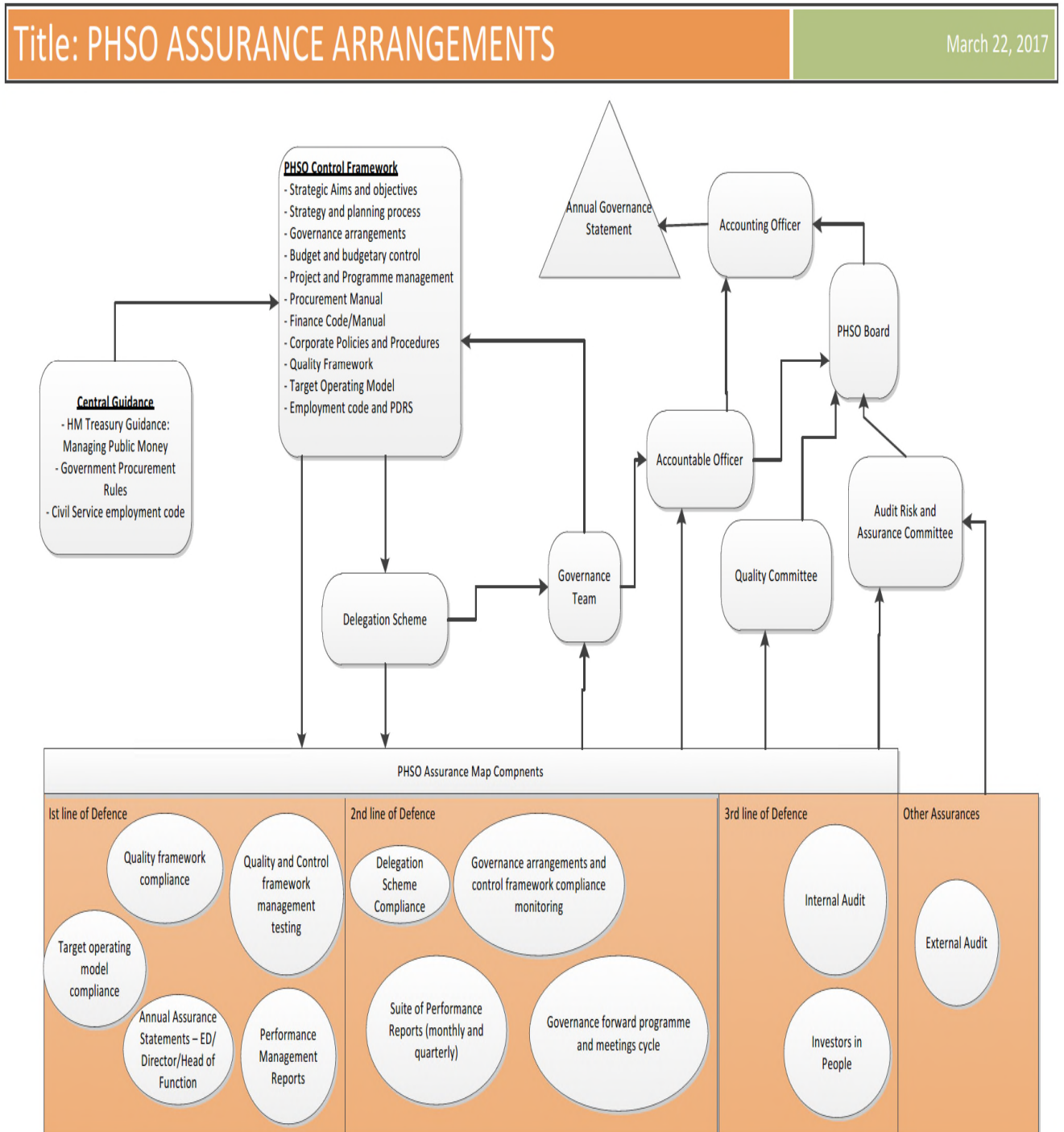
First line: Management Stewardship (operational delivery)	Second line: Management Oversight	Third Line: Independent Assurance	Other Assurance Outside the ‘Three Lines of Defence’ Model
Description: The processes in place at the ‘front line’ of the business that can be used to derive assurance on how well objectives are being met and risks managed.	Description: The processes associated with the oversight of management activity. Provides management insight into how well work is being carried out in line with set expectations and policy or regulatory considerations.	Description: Independent assurance conducted to provide an Accounting officer with an opinion on the framework of governance, risk management and control.	Description: External Audit (for PHSO NAO). External to the organisation with a statutory responsibility for certification audit of the financial statements.
Examples: Documented business process controls, management information, risk registers.	Examples: Compliance assessments, reviews of policy implementation, setting and monitoring internal guidelines	Examples: Primarily Internal audit but also provided by other independent bodies (e.g. Investors in People).	
Pros/Cons: May lack independence and objectivity but value lies in coming from those who know the	Pros/Cons: Separate from those responsible for delivery. More objective than first line, but not	Pros/Cons: Independent/objective assurance. Reliance placed on assurance mechanisms in first and second lines to target effectively	

business, culture and day to day challenges.	independent of the management chain.	areas of highest risk or gaps/weaknesses in control framework.	
--	--------------------------------------	--	--

4.4.3 Within PHSO there are a number of sources of assurance operating across the three lines of defence that together deliver assurance sufficient to meet the needs of the business. These are set out in the diagram below:



4.5.1 An overview of assurance arrangements is set out in the diagram below:



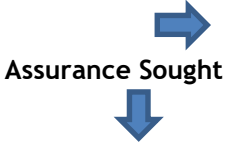
4.6 Roles and Responsibilities


4.6.1 **The Ombudsman/Chair as Accounting Officer** - Supported by the Board, is responsible for ensuring that there are robust governance, risk management and internal control arrangements in place across the whole organisation.


- 4.6.2 **The Board** routinely monitor the mitigation of strategic risks. This supports the Accounting Officer in ensuring that there is regular and timely assurance.
- 4.6.3 **The Audit and Risk Assurance Committee** examines the arrangements in place to provide comprehensive and reliable assurance. This involves:
- Identifying the assurance need;
 - How it will be met;
 - Whether there are any assurance gaps or overlaps and how these can best be filled; and
 - Whether this will provide sufficient, relevant reliable assurance.
- 4.6.4 **Chief Executive Officer - As Accountable Officer** provides the Accounting Officer and Board with assurance on the effective delivery of PHSO's planned aims and objectives, financial stewardship and probity.
- 4.6.5 **Senior Leadership Team (SLT)** - Responsible for ensuring the business operations within their responsibilities are subject to effective and documented control frameworks as part of their core operating processes, that these are routinely tested and outcomes reported, with issues identified and managed.
- 4.7 **Assurance Table**
- 4.7.1 PHSO's Assurance table is designed to identify the key areas in which the Board (and its Audit and Risk Assurance Committee) seeks assurance on the effectiveness of systems, processes and controls and identifies the sources of those assurances.
- 4.7.2 The table is intended to:
- provide a comprehensive view for the Board of key control areas to provide evidence that the activities of the organisation are effectively managed and governed;
 - inform the work of the Audit and Risk Assurance Committee in its role of supporting the Board in ensuring the effectiveness of the system of internal control and risk management;
 - inform the work of internal and external auditors in identifying priority control areas and risks to focus on in the course of their reviews; and
 - provide reliable evidence to underpin the assessment of the risk and control environment for the production of the annual Governance Statement including evidence for the Ombudsman's assurances on the review of the internal control system.


- 4.7.3 The assurance table is structured around the assurance requirements of the Board in respect of PHSO's strategic aims and risks. This is to provide a focus on key areas the organisation has identified that if not well managed would put at risk the achievement of key objectives and carry significant reputational risk.
- 4.7.4 The assurance table overleaf will be populated and reported regularly to the Audit, Risk and Assurance Committee in order that it can seek further assurance to fulfil the requirements of its terms of reference.


4.8 Updated Assurance Table 2021/22


Sources of Assurance 	First Line of Defence (Operational Delivery)	Second Line of Defence (Management Oversight)	Third Line of Defence (Independent Assurance Controls)	Strategic Risk and Risk Controls	Risk appetite and tolerance metrics
Strategic Aims and Objectives	PHSO Business Plan	Corporate Performance Report (Board quarterly)	Annual oral evidence session with PACAC Value for Money Peer Review	Strategic Risk Register and issues log	Overall PHSO has a 'cautious' risk appetite
Business Plan Objective 1: Manage the impact of COVID-19 and embedding strategic change	Performance: <ul style="list-style-type: none"> Key performance indicators Casework Policy and Procedure Quality control of caseworker decisions Quality Assurance Framework Staff survey data Anticipating and managing demand: <ul style="list-style-type: none"> Demand forecasts Productivity data 	Performance <ul style="list-style-type: none"> Service Charter performance monitoring Quality assurance of compliance with quality control Quality performance reporting Compliance with our recommendations Governance & risk management: <ul style="list-style-type: none"> Strategic Risk Register Project risk registers 	Performance <ul style="list-style-type: none"> Annual oral evidence session with PACAC Value for Money Peer review Governance & risk management <ul style="list-style-type: none"> Internal audit reports 	SR20 - Casework quality <u>Controls</u> Parliamentary focussed teams launched Quality Strategy launched and Quality Programme underway Quality baseline in place to identify and address issues SR22 - Demand for our service increases significantly beyond forecast <u>Controls</u> New approach to recruitment established, building in over-recruitment to offset attrition Ongoing approach to manage productivity against minimum performance standards	We have a 'minimalist' risk appetite approach to Business Plan Objective 1, which we track through the following measures: <ul style="list-style-type: none"> Accuracy of demand forecast Accuracy of unallocated complaints forecast "Giving you the information you need" feedback score "Giving you a good service" feedback score "Following an open and fair process" feedback score

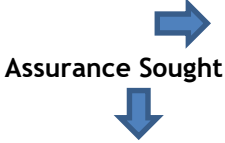
Sources of Assurance 	First Line of Defence (Operational Delivery)	Second Line of Defence (Management Oversight)	Third Line of Defence (Independent Assurance Controls)	Strategic Risk and Risk Controls	Risk appetite and tolerance metrics
		<ul style="list-style-type: none"> Value for Money - dashboard 		<p>SR27 - COVID-19 impact on staff wellbeing and productivity</p> <p><u>Controls</u> BAU and change productivity monitored across casework operations and other functions</p> <p>Risk assessment undertaken to inform approach to return to offices</p> <p>SR28 - Demand management response</p> <p><u>Controls</u> Ongoing oversight of the Demand Management Project</p> <p>Monitoring, reporting and forecasting to track impact on queue levels</p>	<ul style="list-style-type: none"> Quality Programme RAG rating
<p>Business Plan Objective 2: Priority corporate projects</p>	<p>External Engagement Strategy</p> <p>Project governance for each corporate project</p> <p>Accountable officers for all activities in the Business Plan</p>	<p>Quarterly reporting to ET and the Board on the delivery of business plan activities</p> <p>Project Boards in relation to key projects which consider:</p> <ul style="list-style-type: none"> Project delivery Risk register 	<p>Annual oral evidence session with PACAC</p>	<p>SR12 - 2021/22 Business Plan</p> <p><u>Controls</u> Project governance defined and established for each new activity</p> <p>All projects have consistent documentation</p> <p>Each core deliverable to have a Project Board</p>	<p>We have a ‘cautious’ risk appetite approach to Business Plan Objective 2, which we track through the following measures:</p> <ul style="list-style-type: none"> HR Transformation Project RAG rating Corporate Intelligence Project RAG rating

Sources of Assurance 	First Line of Defence (Operational Delivery)	Second Line of Defence (Management Oversight)	Third Line of Defence (Independent Assurance Controls)	Strategic Risk and Risk Controls	Risk appetite and tolerance metrics
		<ul style="list-style-type: none"> Resourcing Financial management Impact Strategic risk register			
Business Plan Objective 3: Future strategy development	Organisations we investigate survey data Data on the demographic profile of people who access our service	Quarterly reporting to ET and the Board on the delivery of business plan activities Project Boards in relation to key projects which consider: <ul style="list-style-type: none"> Project delivery Risk register Resourcing Financial management Impact Strategic Risk register	Annual oral evidence session with PACAC Value for Money Peer Review	SR23 - Funding our future three-year strategy <u>Controls</u> Develop three-year Comprehensive Spending Review Establish financial strategy for 2022/23 to 2024/25	We have an ‘open’ risk appetite approach to Strategic Objective 3 <ul style="list-style-type: none"> Standards, Training and Accreditation Programme RAG rating Smarter Working Programme RAG rating
Effectively Managed Business Areas	Directorate Activity	Corporate Performance Management	Annual Reports & Accounts 2020/21		
Operations and Quality	Operations Leadership Team meetings Directorate Performance Report	Service Model Compliance report Quality Programme Board	Internal Audit reports Service Charter data	Improved approach to recruitment and training embedded (SR20)	

Sources of Assurance 	First Line of Defence (Operational Delivery)	Second Line of Defence (Management Oversight)	Third Line of Defence (Independent Assurance Controls)	Strategic Risk and Risk Controls	Risk appetite and tolerance metrics
	Casework Delegation Scheme	Directorate risk register ET Members Annual Assurance Statements	Media and public scrutiny of published material	Decision Quality Baseline in place and Quality Assurance Framework launched (SR20) Clinical Advice project underway with pilots completed and further improvements being identified (SR20) Casework closure rates monitored by OLT and ET (SR27) Demand forecast linked to Budget and revised quarterly (SR22)	
Corporate Services	Corporate Services Leadership Team Meetings Directorate Performance Report	Corporate Performance Report, (Board quarterly) ET Members Annual Assurance Statements Directorate risk register	Internal Audit reports	Project governance defined and established for each new activity (SR12) All projects have consistent documentation (SR12) Each core deliverable to have a Project Board (SR12) New approach to recruitment established, building in over-recruitment to offset attrition (SR22) Ongoing approach to manage productivity against minimum performance standards (SR22)	

Sources of Assurance 	First Line of Defence (Operational Delivery)	Second Line of Defence (Management Oversight)	Third Line of Defence (Independent Assurance Controls)	Strategic Risk and Risk Controls	Risk appetite and tolerance metrics
				<p>Early engagement with HM Treasury to set out our strategy direction (SR23)</p> <p>Proactive engagement with PACAC and other stakeholders about future strategic ambitions (SR23)</p>	
Financial Management	<p>Finance Manual</p> <p>Scheme of Financial Delegation</p> <p>Finance Code</p> <p>Financial Management processes</p> <p>Business Case approvals</p>	<p>Audit & Risk Assurance Committee compliance reporting</p> <p>Financial Monitoring Reporting to budget holders, Directorate Leadership Teams, ET, ARAC and the Board</p>	<p>Internal audit reports</p> <p>NAO annual completion reports</p>		
Procurement	<p>Procurement Code</p> <p>Procurement processes</p> <p>Contracts Register</p>	<p>Audit & Risk Assurance Committee compliance reporting</p>	Internal audit reports		
Governance	<p>Governance Framework</p> <p>Information Governance policies</p> <p>Business continuity</p>	<p>CEO Annual Assurance to Accounting Officer</p> <p>Audit & Risk Assurance Committee compliance reporting</p>	<p>Head of Internal Audit Annual Report</p> <p>Internal audits</p>		

Sources of Assurance 	First Line of Defence (Operational Delivery)	Second Line of Defence (Management Oversight)	Third Line of Defence (Independent Assurance Controls)	Strategic Risk and Risk Controls	Risk appetite and tolerance metrics
	<p>policy</p> <p>Register of Interests for Board members</p> <p>Declarations of Conflict of Interest</p>	<p>Annual Assurance Statements</p> <p>Board and Committee Effectiveness reviews</p> <p>Fit and Proper Person statements</p> <p>Information assurance compliance reporting to the SIRO</p> <p>Governance statement</p>	<p>Annual oral evidence session with PACAC to scrutinise PHSO</p> <p>NAO review of Annual Report</p> <p>Cyber Essentials certification</p> <p>ICO Audit</p>		
Risk Management	<p>Risk Framework</p> <p>Strategic Risk Register</p> <p>Risk Management process</p> <p>Risk Management training</p>	<p>Audit & Risk Assurance Committee review of risk management</p> <p>Quarterly reporting to ET and the Board on performance against risk tolerances</p> <p>Monthly Strategic Risk Report</p> <p>ET annual Assurance Statements</p>	<p>NAO review of Annual Report</p> <p>Internal Audit Reports</p>		
Workforce	<p>HR Policies and processes</p>	<p>Compliance metrics on key HR policies</p>	<p>Internal Audit reports</p>	<p>HR to provide increased support to staff and managers on sickness (SR27)</p>	

Sources of Assurance 	First Line of Defence (Operational Delivery)	Second Line of Defence (Management Oversight)	Third Line of Defence (Independent Assurance Controls)	Strategic Risk and Risk Controls	Risk appetite and tolerance metrics
	<p>Staff survey</p> <p>People metrics within performance data (eg sickness)</p> <p>Pulse surveys</p> <p>ED&I data on the make up of the workforce</p>	<p>EDI monitoring of each recruitment Campaign</p> <p>Remuneration and Nomination Committee oversight of Executive pay</p> <p>Reporting on delivery of the EDI strategic objectives to the Diversity Steering Group</p> <p>Health and safety compliance</p> <p>Quarterly performance reporting to ET and the Board</p>		<p>Managers to maintain regular dialogue with staff (SR27)</p> <p>Employee Engagement Forum meeting fortnightly (SR27)</p> <p>Display Screen Equipment homeworking course and risk assessment completed by all staff (SR27)</p>	

SECTION 5 - Scheme of Delegation

5.1 Introduction

5.1.1 This scheme of delegation (the Scheme) is intended to facilitate the efficient and effective functioning of PHSO for all matters other than casework. The scheme is supported by the Scheme of Financial Delegation (SoFD) which details the levels of delegation for financial matters. A separate casework scheme of delegation sets out how the Ombudsman delegates this responsibility and where powers are reserved.

5.1.2 The Scheme sets out:

- those powers and decisions reserved to the Ombudsman in the role of Accounting Officer and Chair of the Board;
- those decisions reserved to the Board;
- those powers and decisions the Board has delegated to the SID, and its committees;
- those decisions which it has delegated to the Chief Executive as Accountable Officer, some of which may also be exercised by nominated officers of the Executive or by persons nominated by the Chief Executive;
- those decisions which it has delegated to other nominated officers of the Executive; and
- those decisions delegated to line managers.

5.1.3 The Executive, under the direction of the Chief Executive remains responsible for the day to day administration of the PHSO's affairs and nothing in the Scheme applies to any decision which is administrative in nature.

5.2 Powers reserved to the Ombudsman in the role of Accounting Officer¹ and Chair of the Board²

5.2.1 Accounting Officer

5.2.1.1 The power to sign the accounts, annual report and governance statement.

5.2.1.2 The power to approve voting budget limits and the associated Estimates Memorandum.

5.2.2 Chair of the Board

5.2.2.1 The power to determine whether there is a Board and its role.

¹ The powers of the Accounting Officer originate from the Treasury Publication *Managing Public Money*. The responsibilities of the Accounting Officer are outlined in full in the *PHSO Finance Code*.

Powers delegated by the Ombudsman

² Powers delegated by the Ombudsman

- 5.2.2.2 The power to take decisions outside of Board meetings.
- 5.2.2.3 The power to appoint a Senior Independent Director.
- 5.2.2.4 The power to call Special meetings.
- 5.2.2.5 The power to permit filming and recording of Board meetings.
- 5.2.2.6 The power to approve the Board agenda (in conjunction with the Executive Team).
- 5.2.2.7 The power to alter the Board agenda (during the meeting).
- 5.2.2.8 The power to agree the minutes prior to circulation to the Board.
- 5.2.2.9 The power to make urgent amendments to the Finance Code (in consultation with the Chair of the Audit and Risk Assurance Committee).

5.3 Decisions reserved to the Board³

- 5.3.1 The Board is responsible for leadership, performance scrutiny, risk and governance, the building and preservation of public confidence.
- 5.3.2 Approval of the vision, mission, strategy and key policies.
- 5.3.3 Approval of the annual business plan and budget.
- 5.3.4 Approval of the annual report and accounts.
- 5.3.5 Approval of external expenditure above £500,000.
- 5.3.6 Approval of minutes as an accurate record.
- 5.3.7 The establishment of an Audit and Risk Assurance Committee, a Remuneration and Nominations Committee and a Quality Committee.
- 5.3.8 The establishment and delegation of work to other Committees.
- 5.3.9 Decisions to appoint members of the Board.
- 5.3.10 Decisions to appoint members to Committees.
- 5.3.11 Decisions to appoint Chairs to the Committees.
- 5.3.12 Approval of the forward Board programme.
- 5.3.13 The suspension of Standing Orders (requires a majority decision with two-thirds of members present).

- 5.3.14 Amendments to the PHSO Finance Code⁵.
- 5.4 Powers and decisions the Board has delegated to the Senior Independent (Non-Executive) Director (SID)³**
 - 5.4.1 The responsibility for acting as a sounding board for the Chair on Board matters.
 - 5.4.2 The power to act as the main point of contact with Parliament for the appointment of a new Chair (when asked by the Chair and Board).
 - 5.4.3 Review and approval of the Chair's expenses.
 - 5.4.4 Chairing of Board meetings in the absence of the Chair.
- 5.5 Powers and decisions the Board has delegated to the Remuneration and Nominations Committee³**
 - 5.5.1 The power to determine how any individual pay anomalies or disputes concerning the Chief Operating Officer's pay should be resolved.
 - 5.5.2 Determination of the recruitment and selection arrangements for all Board members.
- 5.6 Decisions delegated to the Chief Executive, some of which may also be exercised by nominated officers of the Executive or by persons nominated by the Chief Executive**
 - 5.6.1 Accountability for all the services delivered by the organisation on a day to day basis as well as delivery of the strategic objectives and plan³.
 - 5.6.2 Decisions regarding the leadership and management of the Executive Team and through them, ensuring that the organisation has the people, systems and processes to ensure high quality day to day delivery of business⁴.
 - 5.6.3 The establishment and maintenance of the systems, controls, risk management processes to ensure high standards of probity in the management of public funds, ensuring that the Accounting Officer can meet the responsibilities of the role⁴.
 - 5.6.4 Approval of losses and write offs⁵.
 - 5.6.5 Authority to appoint staff not on the formal establishment.
 - 5.6.6 Decisions in respect of redundancy costing more than £50,000 up to the level proscribed by HM Treasury (currently at £95,000).

³ Role profile of the Chief Executive

- 5.6.7 The commissioning of legal advice and responsibility for acting on the legal advice received.
- 5.6.8 Delegation below the Chief Executive Officer is set out in detail in documentation including the Executive Team Terms of Reference; Financial Scheme of Delegation; Casework Scheme of Delegation; Finance Code; and the Leave and Working Hours policy.

Section 6 - Board Effectiveness

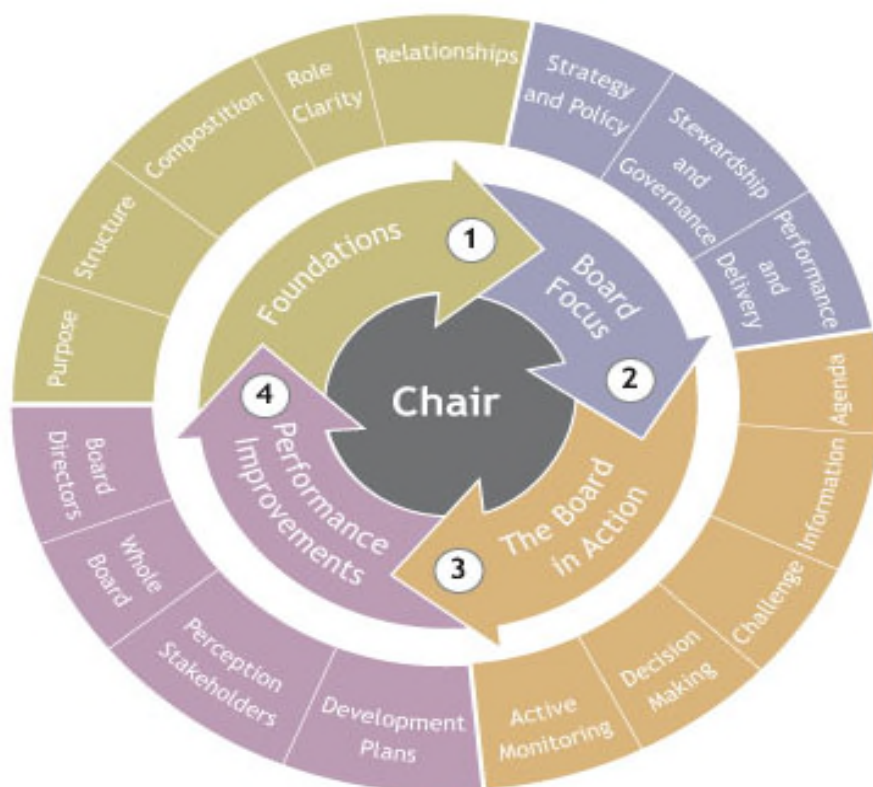
6.1 Induction

- 6.1.1 The Chair will ensure that individual members of the Board are informed about the terms of their appointment, their duties and responsibilities.
- 6.1.2 Board members will be expected to ensure they have the skills, knowledge and training to fulfil their duties and responsibilities and to meet their development objectives.
- 6.1.3 The Chief of Staff will arrange for a comprehensive induction programme, including additional briefings as appropriate, for non-executive Board members following their appointment. The induction programme will include an overview of the role of the Board, its members, operational procedures and functions and powers under which the PHSO operates its governance, strategic and operational frameworks and the organisational structure of the PHSO.
- 6.1.4 Appropriate arrangements should be made for the induction training and development of non-executive Committee members, to facilitate the effective discharge of their roles and responsibilities.

6.2 Review of effectiveness and development

- 6.2.1 The Board will review its performance annually. This review may from time to time involve external advisers. The Board will agree the format for the annual review. The review will include consideration of the Board as a whole, the operation of committees, and the contributions of individual members of the Board. The review and development plans will be reported through our governance statement.
- 6.2.2 Arrangements should be made by the Chief of Staff for the Board to deliver the developments agreed at the annual review.
- 6.2.3 The Chair will assess the performance of individual non-executive Board members and agree development. Where performance or conduct of a non-executive Board member is not satisfactory such that the Chair considers a Board member is unable or unfit to carry out the duties of their office, the Chair may determine that their appointment be terminated.
- 6.2.4 The SID will conduct the Chair's annual performance appraisal informed by a 360 degree feedback exercise conducted as part of the Board's annual effectiveness review, after consultation with non-executive Board members during a meeting.

6.3 Board Effectiveness Framework



6.3.1 This framework summarises the four areas considered in the annual review of effectiveness. The criteria for measuring effectiveness against this framework are described below.

6.3.2 Criteria for Measuring Board Effectiveness

6.3.2.1 Foundations

- We are clear what we are trying to achieve and have this front of mind when planning and making decisions.
- We know how well we are doing in achieving intended outcomes.
- We have information on quality of service, user, staff and stakeholder perspectives to help us make decisions and use it effectively when planning and making decisions.
- We have information on costs and performance and comparisons with similar organisations to help us make rigorous decisions about improving value for money.

6.3.2.2 Roles and Focus

- We are clear on the roles and responsibilities of non-executives and the executive, the chair and Chief Executive.
- We each know what we are supposed to be doing.

- We take collective responsibility for our decisions.
- We focus on our leadership and stewardship functions.
- The work of Committees supports the Board.
- The Executive feel held to account.

6.3.2.3 Board in Action

6.3.2.3.1 Practicalities

- We are satisfied that we get meeting papers early enough.
- Board meetings are the right length and mix of formats.
- We are clear on the value sought from the Board for each agenda item.
- The number of Board meetings is appropriate to fulfil our roles and responsibilities.
- Format of papers are fit for purpose.

6.3.2.3.2 Values and Behaviour

- We know the values we expect staff to demonstrate in their behaviour and actions.
- These values are reflected in our approach to decision making.
- We feel all are equal, valued and make an effective contribution.
- We feel respected, able to challenge and ask questions.

6.3.2.3.3 Informed, Transparent Decisions and Managing Risk

- Our meetings are productive and effective - the Chair conducts the meetings well and all members (Chair included) can express their views.
- We are clear on decisions to be taken by the Board and those to be taken by the Chair and Ombudsman and by the Executive.
- We explain the reasons for our decisions to staff and stakeholders.
- The information we receive in board papers is robust and objective.
- Assessment of risk and planning of mitigation is robust and works well.

6.3.2.3.4 Engaging Staff, Customers and Stakeholders

- We are clear who we are accountable to for what and accountability relationships work well. We take action to clarify and strengthen these relationships.
- We are clear on how we want to consult the public and users.
- We are clear on matters on which we consult and involve staff and this is well communicated and followed in practice.

- We are clear on the institutional stakeholders that we need to have good relationships with and organise ourselves to take the lead in developing those relationships at senior levels.
- We have our finger on the pulse of how staff feel.

6.3.2.3.5 In order to assure information provided by the Executive we:

- Review, understand and where necessary challenge the available information.
- Understand the sources of the relevant information and assess its robustness.
- Interact directly with business lead, review plans, analysis and performance, challenge and commission further work when necessary.
- Review and discuss the Strategic Risk Register - confirm accurate identification of risks, assessment of scale and import and whether mitigation plans are fit for purpose.
- Undertake location activity interacting with staff and customers - observing practice first hand / experience of what happens.
- Utilise technical / specialist expertise - to provide independent view of specific content.
- Use comparative data from other organisations to evaluate PHSO practice and performance.
- Gain external feedback / professional insight on core areas of practice.

6.4 Development

6.4.1 Developing capacity and capability of the Board and individual Board members.

- We are clear on the mix of skills we must have.
- We develop our skills and update our knowledge.
- We review the performance of individual board members giving feedback on what we value most and what we would like other to do differently.
- We put into practice action plans for improving performance of the board.

6.4.2 Stakeholders and Board perceive we deliver:

- A healthy and sustainable organisation.
- To our service charter standards.
- Our strategy and plans.
- and that the organisation is held to account by the Board.

6.4.2.1 Specifically:

- Parliament say we are a healthy organisation, providing excellent service and value for money.
- Staff feel listened to, they say we and our work are visible to them and our work adds value to PHSO.
- NAO gives unqualified audits and holds up our governance statement and arrangements as examples of good practice.
- Treasury confident we provide value for money and follow good governance practice.
- Board members reports.

6.4.2.2 Stakeholders perceive we have impact:

- Complaints and bodies in jurisdiction confident in our service.
- Parliament say we leverage our casework to help them hold government services to account for learning from complaints and improving services.
- Seen as independent, authoritative and influential (as symbol and proxy for a whole range of more specific measures used to assess impact of strategy)
- The public say they are confident complaining is straight forward and fair, they are listened to and concerns addressed and services learn from complaints and improve.

Section 7 - Accountability to Parliament

7.1 Annual Report and Accounts

7.1.1 PHSO accounts to Parliament on its activities through a statutory Annual Report. The organisation also produces Resource Accounts under arrangements agreed with the Treasury, which are subject to audit by the National Audit Office. Since 2012-13 PHSO has produced a combined Annual Report and Accounts document in three parts:

- The annual report - a review of the organisation's performance in the year as it strives to achieve its strategic aims and objectives;
- The governance statement - The Accounting Officer's statement of how the organisation has discharged its responsibility to manage and control public resources during the course of the year; and
- The resource accounts - to detail the resources acquired, held or disposed of and used by PHSO during the financial year.

7.1.2 In the Annual Report and Accounts the PHSO reports annually on the general discharge of its functions, on the standards of service provided to complainants, and on the use of public money. It also reports specifically from time to time on individual and/or systemic examples of maladministration.

7.2 Public Administration and Constitutional Affairs Committee (PACAC)

7.2.1 The Ombudsman and Chief Executive appear at least annually before the Public Administration and Constitutional Affairs Committee, which Parliament has chosen (through its Standing Orders) to be its principal liaison mechanism with the Ombudsman, to give evidence on the work of the organisation.

7.2.2 The remit of PACAC with regard to PHSO, is set out in the House's standing orders, as set out below:

“146 - There shall be a select committee to examine the reports of the Parliamentary Commissioner for Administration and the Health Service Commissioner for England, which are laid before this House, and matters in connection therewith, and to consider matters relating to the quality and standards of administration provided by civil service departments, and other matters relating to the civil service; and the committee shall consist of eleven Members.

7.2.3 One of the reports that PHSO is statutorily obliged to produce (under section 10 of PCA 1967) is a report annually to Parliament.

