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Agenda Item: 3.

Integration Joint Board – Audit Committee

Tuesday, 23 June 2020, 11:30.

Microsoft Teams.

Minute

Present

- Davie Campbell, Non-Executive Director, NHS Orkney.
- Issy Grieve, Non-Executive Director, NHS Orkney.
- Councillor John T Richards, Orkney Islands Council.
- Councillor Stephen Sankey, Orkney Islands Council.
- Frances Troup, Head of Housing, Homelessness and Schoolcare Accommodation Services, Orkney Islands Council.

Clerk

- Hazel Flett, Senior Committees Officer, Orkney Islands Council.

In Attendance

- Katharine McKerrell, Solicitor, Orkney Islands Council.
- Pat Robinson, Chief Finance Officer, Orkney Health and Care.
- Andrew Paterson, Chief Internal Auditor, Orkney Islands Council.

Audit Scotland:

- Claire Gardiner, Senior Audit Manager.
- Neil Reid, Senior Auditor.

Scott-Moncrieff:

- Matthew Swann, Senior Manager.

Observing

- Lorraine Stout, Press Officer, Orkney Islands Council.

Chair

Davie Campbell, NHS Orkney.

1. Apologies

Apologies for absence had been intimated on behalf of the following:

- Sharon-Ann Paget, Interim Chief Social Work Officer, Orkney Islands Council.

2. Declarations of Interest

There were no declarations of interest intimated in respect of items of business to be discussed at this meeting.

3. Minutes of Previous Meeting

There had been previously circulated the draft Minute of the Meeting of the Audit Committee held on 18 March 2020.

The minute was **approved** as a true record.

4. Matters Arising

There were no matters arising.

5. Audit Scotland – Covid-19

There had been previously circulated a report presenting Audit Scotland's briefing on the impact of Covid-19 and what it meant for public audit in Scotland, for consideration.

Claire Gardiner, Senior Audit Manager, Audit Scotland, recognised the pressure on public bodies as a result of the Covid-19 pandemic and advised that they would be taking a flexible and pragmatic approach, working with organisations as they moved towards the new normal. However, the quality of work should be maintained and, currently, they were working towards the original timescales outlined in the audit plan. Although these were unprecedented times, everything was looking positive at the present time.

Both Davie Campbell and Frances Troup commented on and appreciated the flexible approach being adopted.

The Committee noted:

5.1. The Audit Scotland briefing, Covid-19 – What it means for public audit in Scotland, attached as Appendix 1 to the report circulated.

5.2. That Audit Scotland was having to adapt its working practices and reprioritise activities in light of the coronavirus pandemic.

5.3. That the Auditor General for Scotland and the Accounts Commission were considering extending current audit appointments by one year.

6. Draft Annual Accounts

There had been previously circulated the draft annual accounts for financial year 2019 to 2020 for scrutiny and approval.

Pat Robinson presented the draft annual accounts which, following advice from Audit Scotland, followed the same template as the previous year. The draft accounts, together with working papers, required to be submitted to Audit Scotland by 26 June. Although Audit Scotland had indicated some flexibility, every effort would be made to stick with the original deadlines.

Pages 6 to 25 of the draft annual accounts comprised the Management Commentary and provided an overview of the most significant matters. Highlights included the Strategic Plan and associated programme board approach.

Pages 9 and 10 highlighted some future workstreams. Although Covid-19 had had a minimal impact on the 2019/20 financial year, from 1 April 2020 onwards, the impact was significant and was captured in the Local Mobilisation Plan Financial Return which NHS Orkney submitted regularly to the Scottish Government.

The MSG indicators, detailed on pages 12 to 17, were a new addition.

Page 20 provided details of the initial budget and additional allocations, noting that the unscheduled care budget had not been formally delegated to the IJB. The outturn position indicated an overall underspend of £342,000, which would be held in earmarked reserves relating to Primary Care services and the Alcohol and Drug Partnership.

Regarding the unscheduled care budget, the Board of NHS Orkney had now formally delegated this to the IJB, with effect from 1 April 2020. A report would be submitted to the IJB on 30 September 2020 providing further information.

Although a three year savings target of £4.2 million, to be achieved by the end of 2022/23, had been set, following a meeting with both partners, only £144,000 had been identified to date.

Page 23 highlighted the significant challenges associated with the older population increasing faster than the national average, whilst the working age group was decreasing.

Page 24 referred to the management of risks, noting that the risk register would be revised, once the Strategic Commissioning Implementation Plan (SCIP) had been agreed.

The Annual Governance Statement, pages 30 to 35, covered the seven principles of good governance in some detail.

Finally, pages 37 to 49 presented the comprehensive income and expenditure statement, movement in reserves and the balance sheet, together with notes.

In response to a question from Issy Grieve regarding the proposed savings target of £4.2 million, Pat Robinson advised that no proposals for decommissioning services or transformational change had, as yet, been presented to the IJB. A finance workshop was planned for August. It was again noted that, even if resources were available, there would be no workforce to provide services at their current level.

Councillor Steve Sankey referred to the Primary Care Improvement Plan submitted to the Scottish Government last October and queried whether any feedback had been received. On page 18 of the draft accounts, emergency admissions across Scotland appeared to be decreasing, while increasing locally and he wondered whether delayed discharge was starting to haunt again. He also referred to the MSG proposals around Directions, at the foot of page 14, and suggested that the RAG rating be reduced from Green to Amber. Pat Robinson agreed that Directions could not be completed until the SCIP was approved and agreed to amend the RAG rating accordingly.

Councillor Steve Sankey sought further clarification on the efficiency saving of £130,000 applied by NHS Orkney, referred to on page 20. Pat Robinson agreed to provide further explanation on this point which referred to the matter within the Integration Scheme whereby any partner could retain any underspend. However, NHS Orkney had indicated this amount would be reinstated for 2020/21.

Councillor John Richards referred to the National Health and Wellbeing Outcomes, detailed on pages 11 and 12, where Orkney outranked every other health and social care partnership area in eight of the nine outcomes. He also highlighted the role of carers, particularly unpaid carers, and the impact of Covid-19, which could well impact the figures for the following year. Pat Robinson advised that the figures were from the previous year and, although the most recent figures were anticipated to be available in April, other priorities, not least of which related to Covid-19, had resulted in these not being available with the annual performance report being delayed until September. She would discuss with Audit Scotland how this could be incorporated in the final accounts.

Councillor Steve Sankey mentioned the several references to unscheduled care/set aside, an issue which the IJB had been struggling with for a number of years, and was pleased to see that this had finally been resolved, and would be included in the accounts for next year.

Davie Campbell sought clarification on the process following approval of the draft accounts. Pat Robinson advised that she would work with Audit Scotland to ensure all the information contained in the draft accounts was accurate, with no material variances. Anything major would be reported back to the Audit Committee prior to consideration of the final accounts. However, any matters raised through this process tended to be presentational, rather than material variances.

Davie Campbell thanked Pat Robinson for getting the draft accounts to this stage in such a tight timescale. He advised that, following discussions with Matt Swann, the IJB's internal auditor, the internal audit plan would be submitted to the August meeting for consideration and approval. Pat Robinson welcomed this, to allow time for any audits to be completed within the financial year.

The Committee noted:

6.1. That, as Integration Joint Boards were specified in legislation as “section 106 bodies” in terms of the Local Government (Scotland) Act 1973, consequently they were expected to prepare their financial statements in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.

6.2. The Management Commentary, comprising pages 6 to 25 of the draft annual accounts, attached as Appendix 1 to the report circulated, which provided an overview of the most significant matters reported in the annual accounts for financial year ended 31 March 2020.

The Committee reviewed and thereafter **approved**:

6.3. The draft Annual Governance Statement, comprising pages 30 to 35 of the draft annual accounts, attached as Appendix 1 to the report circulated.

6.4. The draft Annual Accounts for financial year 2019/20, attached as Appendix 1 to the report circulated.

7. Date and Time of Next Meeting

The Committee noted that the next meeting was scheduled to be held on Wednesday, 26 August 2020 at 11:30 in the Council Chamber, Council Offices, Kirkwall. Unless Covid-19 restrictions had been eased and/or lifted, it was most likely this meeting would be held virtually through Microsoft Teams.

8. Conclusion of Meeting

There being no further business, the Chair declared the meeting concluded at 11:51.