



Stephen Brown (Chief Officer)
Orkney Health and Social Care Partnership
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Agenda Item: 7.

IJB Performance and Audit Committee

Wednesday, 6 December 2023, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.

Minute

Present

- Meghan McEwen, Non-Executive Director, NHS Orkney.
- Councillor Ivan A Taylor, Orkney Islands Council.

Also Present

- Councillor Rachael A King, Chair, Orkney Integration Joint Board, who had been invited for Items 5 and 6.

Present via remote link (Microsoft Teams)

- Jim Love, Carer Representative.
- Councillor Jean E Stevenson, Orkney Islands Council.
- Samantha Thomas, Director of Nursing, Midwifery, AHPs and Acute Services, NHS Orkney.

Clerk

- Hazel Flett, Service Manager (Governance), Orkney Islands Council.

In Attendance

Orkney Health and Social Care Partnership:

- Peter Thomas, Chief Finance Officer.
- Shaun Hourston-Wells, Acting Strategic Planning Lead.

Orkney Islands Council:

- Andrew Paterson, Chief Internal Auditor.
- Georgette Herd, Solicitor.

In Attendance via report link (Microsoft Teams)

- Stephen Brown, Chief Officer, Integration Joint Board.

KPMG

- Michael Wilkie, Public Sector Audit Director.
- Matthew Moore, Senior Manager.

Not Present:

- Ryan McLaughlin, Staff-side Representative, NHS Orkney.

Chair

- Meghan McEwen, Non-Executive Director, NHS Orkney.

1. Apologies

Apologies for absence had been intimated on behalf of Davie Campbell, Non-Executive Director, NHS Orkney.

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 Meetings

3.1. Meeting held on 28 June 2023

There had been previously circulated the draft Minute of the Meeting of the Performance and Audit Committee held on 28 June 2023 for consideration, checking for accuracy and approval.

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

3.2. Meeting held on 7 July 2023

There had been previously circulated the draft Minute of the Meeting of the Performance and Audit Committee held on 7 July 2023 for consideration, checking for accuracy and approval.

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

4. Matters Arising

There had been previously circulated the Matters Arising Log from the meeting held on 28 June 2023, for consideration and to enable the Committee to seek assurance on progress, actions due and to consider corrective action, where required.

Stephen Brown updated members regarding the Adoption Allowances and Kinship Payments, and confirmed that a report on this matter would be presented to the Policy and Resources Committee to be held on 20 February 2024.

Councillor Rachael A King joined the meeting at this point.

5. External Annual Audit Report

There had been previously circulated a report presenting KPMG's Annual Audit Report, for noting.

Michael Wilkie, Public Sector Audit Director, KPMG, presented the report, highlighting the following:

- The proposed annual audit opinion, attached as Appendix 1 to the report, where KPMG were proposing to issue an unqualified opinion.
- The management representation letter, attached as Appendix 2, which confirmed that the accounts had been properly prepared in accordance with all the relevant requirements.
- Page 3 of the draft Annual Audit Report, attached as Appendix 3, which summarised the conclusions from the audit and stated that the audit of the financial statements was now substantially completed and, following approval and receipt of the management representations, it was expected that the unqualified audit opinion on the annual accounts would be issued.
- That the outstanding internal consultation on the prior year restatement, highlighted in red on page 3 of the draft Annual Audit Report, had now concluded.
- Page 9 of the draft Annual Audit Report set out the level of materiality which was set at £2m overall, but for the IJB, the performance materiality was £1.7m and all misstatements greater than £100,000 were reported.
- Page 10 set out the two significant risks which were presumed to exist in any audit. The audit conclusion to the risks were:
 - Fraud risk from management override of controls – No such instance was identified.
 - Fraud risk from income revenue recognition and expenditure – rebutted.
- Page 11 of the draft Annual Audit Report set out the focus area of completeness and accuracy of expenditure. During testing KPMG had been advised of double counting of income and expenditure. This involved the transfer of funds between NHS Orkney and the Council which were correct but should have been eliminated on consolidation of the actual spend on services. This adjustment had been corrected in the statements presented for approval and impacted the current and previous year.
- Page 14 of the draft Annual Audit Report onwards set out the conclusion of the wider scope of the audit, concerning financial management, financial sustainability and governance.
- The audit recommendations detailed in Appendix 5 of the Annual Audit Report.

Following a query from Meghan McEwen regarding the double counting issue, detailed on page 11, Michael Wilkie confirmed there was an adjustment in the current year and the prior year's comparative figures but effectively it had no net impact on the bottom line as it was an adjustment to both income and expenditure.

Regarding Recommendation 5, on the page entitled Vision, Leadership and Governance, that the status of progress of audit recommendations and action points should be regularly reported to the Board, Meghan McEwen raised that this had been agreed previously by the Performance and Audit Committee and queried why it had not been progressed.

Peter Thomas confirmed that audit reports considered prior year recommendations and their status so external audit recommendation updates were reported to the Board annually at present. He confirmed that going forward updates to the Performance and Audit Committee could be made more regularly on the status of external audit recommendations.

Following a query from Meghan McEwen, Michael Wilkie confirmed that he would expect regular updates on the status of audit recommendations to be reported to the Performance and Audit Committee rather than at Board level.

Following confirmation from Andrew Paterson that updates on the progress of implementing internal audit recommendations were contained in his annual report, Michael Wilkie confirmed that this was recognised in the audit, but it was felt that the monitoring of the status of recommendations for both internal and external audits should occur more frequently.

Meghan McEwen thereafter suggested that, going forward, the status of recommendations from both internal and external audit reports should be included as a standing item on the agenda for the Performance and Audit Committee agenda for scrutiny.

Following a query from Meghan McEwen regarding an update on the medium-term financial plan recommendations, Stephen Brown confirmed that work was ongoing, such as working with NHS Orkney regarding delegated services and plans for recurring savings. There was also work ongoing with the Council's improvement service and HR, particularly in relation to spend on agency staff. He further confirmed that it would be a good idea to increase the visibility of the financial improvement plans that were taking place within the delegated bodies at IJB.

Regarding the query from Meghan McEwen on performance and progress reporting on page 32 of the Annual Audit Report, Stephen Brown confirmed that there had been challenges in bringing a regular performance report to committee. Moving forward he hoped that there would be a more consistent approach to reporting performance and progress.

Jim Love queried whether it would be possible to see data taken from an unmet need register in the performance reporting. Stephen Brown confirmed that this was part of the reporting that would need to be brought forward and would form part of the regular reporting.

Meghan McEwen queried whether the deterioration in the IJB score and ranking was something that should be highlighted to the Board for awareness. Peter Thomas believed that the deterioration was to the National Framework scoring which had been presented to committee. He confirmed that there had been a deterioration in the scoring which should be of concern, but was similar to the rest of Scotland. Although there was a deterioration, performance was better than the national average in 9 of the 11 indicators. However, the deterioration emphasised the importance of monitoring key performance indicators on a quarterly basis so performance could be tracked.

The Performance and Audit Committee thereafter noted:

5.1. That KPMG, as the Orkney Integration Joint Board's External Auditor, had now substantially concluded its audit of the Board's Annual Accounts for the year ended 31 March 2023.

5.2. That KPMG intended to issue an unqualified audit opinion on the annual accounts of Orkney Integration Joint Board, following approval by the Performance and Audit Committee and after completion by the Auditor of finalisation checks and procedures on their file, including receipt of final conclusions of their internal consultation on the prior year restatement.

5.3. That an unqualified opinion was the Auditor's judgement that the Orkney Integration Joint Board's Annual Accounts were true and fairly presented, without any identified exceptions, and had been prepared in accordance with proper accounting practice.

5.4. KPMG's Independent Auditor's Report in respect of the Orkney Integration Joint Board's Annual Accounts for 2022/23, attached as Appendix 1 to the report circulated, in accordance with the International Standard on Auditing 260.

5.5. The Orkney Integration Joint Board's Letter of Representation to KPMG in connection with its audit of the Annual Accounts for the year ended 31 March 2023, attached as Appendix 2 to the report circulated.

5.6. The Annual Audit Report to the Members of Orkney Integration Joint Board's Performance and Audit Committee and the Controller of Audit, attached as Appendix 3 to the report circulated.

6. Annual Accounts

There had previously been circulated a report by the Chief Finance Officer, presenting the Annual Accounts, for approval.

Peter Thomas, Chief Finance Officer, presented the report highlighting the following:

- That there was one main change to the draft accounts, which related to the revision of prior year and current year values in the comprehensive income and expenditure statement.
- That an additional change had been made to the Annual Accounts circulated to members, which was to mark each value changed on the prior year's values with an asterisk, so it was clear which values had changed.

- That the following description comment had also been inserted:
 - These prior years values have been revised to remove the inclusion of the transfer of Orkney IJB financial resources between the partner bodies reducing the gross income and gross expenditure amounts. However, the net spend of service has remained unaltered.

Following queries from Councillor Rachael A King, Peter Thomas confirmed that the reason why there was no data available on page 15 was due to no statistics being published by the Scottish Government for that period. He went on to give assurance that the document link given to sign the accounts was the same document that had been circulated to members, other than the amendments that he had highlighted above.

Councillor Rachael A King highlighted that on page 33, it was the Chair who was part of the Scotland wide network. She also highlighted that the Ministerial Strategic Group no longer existed. Peter Thomas confirmed that discussions with the external auditors could take place to discuss whether those points were material to need a change or if the Committee wished for those minor changes to be noted and made.

Regarding Councillor Rachael A King's query in relation to the action plan link, Stephen Brown confirmed that there was an issue of timing as the Strategic Planning Group had only recently approved the updated action plan. He agreed with the suggestion to publish the link to the action plan on the website alongside the Annual Accounts.

Following further discussion, members were content that the minor corrections highlighted did not warrant suspending the process in order to make the changes and the Annual Accounts should be signed as presented, once approved.

Regarding a query from Meghan McEwen, Stephen Brown confirmed that figures and trends contained within the report, particularly where figures were declining, should be at the heart of the strategic planning process moving forward.

The Performance and Audit Committee thereafter noted:

6.1. That the Orkney Integration Joint Board was required to produce its own statutory accounts in terms of the Local Authority Accounts (Scotland) Regulations 2014 and Section 106 of the Local Government (Scotland) Act 1973.

6.2. That the minimum reporting requirements contained in the legislation included:

- Aiming to approve the audited Annual Accounts for signature no later than 30 September immediately following the financial year to which the accounts relate.
- To publish the signed annual accounts on a website by 31 October.

6.3. The Management Commentary, comprising pages 3 to 25 of the Annual Accounts, attached as Appendix 1 to the report by the Chief Finance Officer, which provided an overview of the most significant matters reported in the Annual Accounts for financial year ended 31 March 2023, with the key facts and figures summarised at section 4.3 of the report by the Chief Finance Officer.

The Performance and Audit Committee **approved**:

6.4. The Annual Accounts, including the Governance Statement 2022/23, attached as Appendix 1 to the report circulated.

Councillor Rachael A King left the meeting at this point.

7. Registered Services within Orkney Health and Care

Inspection Assurance Reports

There had previously been circulated a report by the Chief Officer, presenting the six-monthly assurance report on inspection activities for registered services within the Orkney Health and Social Care Partnership, for scrutiny.

Stephen Brown, Chief Officer, presented the report advising members that this was the second of the six-monthly reports that had been committed to in terms of bringing greater visibility across the system to the registered services. During the pandemic, inspections had been suspended but had since recommenced. The report covered the six-month period from May to October 2023 with a number of services being inspected during that time. The results of the inspections were attached as Appendices 1 to 5 of the report, with the key findings detailed in section 4 of the covering report.

He also highlighted that there had been challenges within some areas of service, particularly involving staffing, which had an impact on consistency and continuity of service to users. He further highlighted that it was testament to staff that the experience for the vast majority of service users was positive.

He further informed members that the inspections covered services that had been delegated by the Council, so this report had been presented to the recent meeting of the Council's Policy and Resources Committee. It would also be considered by the Social Work and Social Care Governance Board and upwards to the Joint Clinical and Care Governance Committee for any issues regarding quality of care or any procedural or policy decisions that may be required. It was presented to the Performance and Audit Committee to highlight performance.

Meghan McEwen requested that it would be beneficial to members if the governance arrangements for all inspection reports and the route they should be taking through committee could be clarified by the next meeting.

The Performance and Audit Committee thereafter scrutinised the inspection activity for registered services within Orkney Health and Care, for the period 1 May to 31 October 2023, as detailed in section 4 of the report circulated, and obtained assurance that action plans had been submitted to the Care Inspectorate and were being progressed where appropriate.

8. Social Work and Social Care Services' Experience Report

There had previously been circulated a report by the Chief Officer, advising of compliments and complaints received, known as the Social Work and Social Care Services' Experience Report, for the period April to September 2023.

Shaun Hourston-Wells, Acting Strategic Planning Lead, presented the report advising that the Council, within its complaints handling procedure, encouraged staff to record all complaints and the capturing which was then reported to the Policy and Resources Committee twice a year, with an annual report being presented to the Joint Clinical and Care Governance Committee.

He continued that there was evidence that when complaints were received, services were learning from the feedback and measures were being introduced to mitigate the possibility of recurrence. The complaints were across the whole range of the services and the number of complaints were quite small. While there were 31 complaints, 72 compliments were received during the same period.

Meghan McEwen questioned whether the report was more of a complaint handling report rather than an experience report and wondered whether more ambitious targets could be included in the report.

Sam Thomas commented that she would like to see system wide learning and how that learning was then shared across the whole system. She continued that acute reporting were trying to do a similar thing and felt there may be lessons to learn from each other.

Stephen Brown commented that this report was previously entitled social work complaints handling reports which was then widened to experience reports. He agreed that it was still quite narrow in terms of approach and would take away the comments received from members and work on the best way going forward.

The Performance and Audit Committee scrutinised the Social Work and Social Care Services' Experience Reports for the period April to September 2023, attached as Appendices 1 and 2, to the report circulated, and obtained assurance.

9. Date and Time of Next Meeting

It was agreed that the next meeting be held on Wednesday, 13 March 2024 at 09:30.

10. Conclusion of Meeting

There being no further business, the Chair declared the meeting concluded at 10:27.