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Agenda Item: 3.

## **Integration Joint Board – Audit Committee**

Wednesday, 26 June 2019, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.

### **Minute**

#### **Present**

- Issy Grieve, Non-Executive Director, NHS Orkney.
- Councillor John T Richards, 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.
- Sally Shaw, Chief Officer, Orkney Health and Care.
- Andrew Paterson, Chief Internal Auditor, Orkney Islands Council.

#### **Observing**

- Gillian Woolman, Audit Director, Audit Scotland.

#### **Chair**

- Issy Grieve, NHS Orkney.

## **1. Apologies**

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

- Davie Campbell, Non-Executive Director, NHS Orkney.
- Scott Hunter, Chief Social Work Officer, Orkney Islands Council.
- Councillor Stephen Sankey, Orkney Islands Council.
- Matthew Swann, Senior Manager, Scott-Moncrieff.

## **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 13 March 2019.

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

## **4. Matters Arising**

There were no matters arising from the previous Minute.

## **5. Appointment of Chief Internal Auditor**

There had been previously circulated a report setting out proposals for the appointment of a Chief Internal Auditor, together with internal audit arrangements, for consideration and approval.

Pat Robinson advised that, since the integration authority was established in 2017, Orkney Islands Council had provided internal audit services. It was considered good practice to rotate internal audit services, in order to obtain independence and assurance. Options for internal audit arrangements were set out in the report, with the preferred option being appointment of NHS Orkney for the next two year period. This arrangement could be accommodated within existing arrangements and resources. The position would be reviewed again, following the two year appointment, if approved.

The Committee resolved:

**5.1.** To approve the appointment of NHS Orkney's Chief Internal Auditor as the Chief Internal Auditor of the Integration Joint Board for the period 2019 to 2021.

**5.2.** To approve the approach to the audit requirements of the Integration Joint Board which saw this accommodated from within the contingency resources of NHS Orkney and Orkney Islands Council audit plans.

## **6. Internal Audit Annual Report and Assurance Statement**

There had been previously circulated a report presenting the Internal Audit Annual Report and Assurance Statement for financial year 2018 to 2019, to enable the Committee to seek assurance.

Andrew Paterson advised that Internal Audit had a duty to provide an annual assurance statement on the overall adequacy and effectiveness of the framework of governance, risk management and control. Two audits, financial planning and compliance with the Integration Scheme, were completed and reported, with a third, locality planning, just issued in draft and due to be submitted to the next meeting. The Chief Internal Auditor's overall opinion was set out in section 4 of Appendix 1 to the report circulated, which confirmed that, for the areas subject to audit review during 2018 to 2019, there were adequate and effective controls operating, subject to exclusions which were identified as high priority improvement actions.

Issy Grieve queried who was responsible for taking forward the high priority improvement actions. Andrew Paterson confirmed these would rest with the Chief Finance Officer. Pat Robinson provided an update on the three high priority improvement actions as follows:

- The Medium Term Financial Plan was considered by the Integration Joint Board the previous day, 25 June 2019.
- The budget for 2018 to 2019 was received by the Board in October 2018, but not approved.
- The Recovery Plan would be addressed in the draft Annual Accounts.

Frances Troup referred to the internal self-assessment process and queried how often these were carried out, given the previous one was completed in March 2015. Andrew Paterson replied that the programme was over a five year period, with the next one scheduled for November 2019.

The Committee noted the Internal Audit Annual Report and Assurance Statement for 2018 to 2019, attached as Appendix 1 to the report circulated, and took assurance.

## **7. Draft Annual Accounts**

There had been previously circulated a report presenting the draft Annual Accounts for financial year 2018 to 2019, for scrutiny and approval.

Pat Robinson advised that, last year, after taking advice from the external auditors, the annual accounts "told the story". She provided the legislative background to preparation of annual accounts. During the year, the Chief Officer, Caroline Sinclair, left post in April 2018, with Sally Shaw, the new Chief Officer, taking up post in September 2018. In the interim period, Chief Officer duties were allocated across the Senior Management Team.

The Strategic Commissioning Plan 2016 to 2019, which was linked to the nine health and wellbeing outcomes, which was refreshed each year, held a considerable amount of information, some of which was not user-friendly. The next Strategic Plan, covering the period 2019 to 2022, was designed to be public facing, with more infographics for ease of reading and understanding. To support the delivery aims of the Plan, the Board had agreed to move to a programme board approach.

An operational review was set out on page 8 of the draft Annual Accounts, with performance reporting outlined from page 9. Pat Robinson advised that the part highlighted in yellow, key points from the annual report, would be updated, following consideration of the Annual Performance Report by the Integration Joint Board the previous day.

Regarding financial performance, for the period to 31 March 2019, the overall year end position was an overspend of £184,000, comprising an overspend of £301,000 in respect of Orkney Islands Council and an underspend of £117,000 for NHS Orkney. Both partners had indicated that the relevant amounts would not be deducted from the current year's budget. The Council overspend of £301,000 related to Out of Orkney placements and Home Care. The underspend incurred by NHS Orkney related to specific funding from the Primary Care Improvement Fund and Alcohol and Drugs Partnership, and would be held in earmarked reserves. On 25 June 2019, the Board had received a paper presenting the updated budget position for 2019 to 2020. As in the previous year, the Board had indicated it was not in a position to approve the budget. However, the Board agreed to receive the draft budget meantime, and had requested that both partners prioritise a review of baseline budgets, with the outcome to be reported back by the next meeting, or a special meeting if required, to enable the budget for 2019 to 2020 to be approved.

Management of risk was set out in section 10, noting that the Risk Register was a working document with further work required, which would be managed through a dedicated development session. The Annual Governance Statement was set out from page 23 onwards, with Internal Audit's opinion reiterated on pages 28 to 29. The figures included in the Movement in Reserves Statement on page 31 related to the underspend incurred by NHS Orkney and were specific earmarked reserves relating to the Primary Care Improvement Plan and Alcohol and Drugs Partnership funding. All commissioned services were detailed in the Comprehensive Income and Expenditure Statement on page 32.

Issy Grieve referred to the robust discussion held the previous day at the Board meeting regarding the updated budget position. Work on the Risk Register was progressing. She asked the Committee whether it was content to take the key information from the performance report, considered by the Board on 25 June 2019, and incorporate within the draft Annual Accounts. This was unanimously agreed.

Frances Troup referred to page 6 of the draft Annual Accounts and queried whether reference should also be made to the Housing Contribution Statement. On page 8, under the first bullet of Operational Review, she again made the plea that Housing Services be included in any further review of the delayed discharge protocol. Finally, on page 26, there was reference to the inability to recruit and she queried what action was being taken to address this.

Sally Shaw replied that, like other partnerships, workforce pressures were increasing and, taking mental health as an example, although Scottish Government had provided additional funding, there was still only a limited pool of potential candidates. With specific reference to funds made available as part of Action 15 of the Mental Health Strategy 2017–2027, published by the Scottish Government in 2017, locally, Orkney was looking at creative use of those funds, including multi-skilled workers, rather than dedicated posts for some areas which were not necessarily required full time. She concluded by referring to the discussion at the Board meeting the previous day where support was given to the proposal that OHAC officers lead on the IJB Workforce Plan, with support from both partners' HR services.

In response to a query from Councillor John Richards regarding the Mental Health Strategy, Sally Shaw confirmed that a draft would be presented to the October meeting of the Board for approval as a consultation document.

Councillor John Richards referred to the significant staff absences within residential care units resulting in double running costs and reliance on agency staff, as detailed on page 12 of the draft Annual Accounts, and queried whether this was a trend or just a blip. Sally Shaw advised it was not a blip and referred to the aging workforce within Orkney, who also took on significant additional responsibilities, including childcare and/or looking after elderly parents. She referred to Councillor Rachael King's proposal, which had subsequently been adopted by Council, to recognise the role of carers in the Council's revised Capability Policy. Further, since taking up post in September 2018, she was concerned at the high number of temporary and relief contracts within Orkney Health and Care and would be taking steps to address this going forward.

On a more positive note, Sally Shaw proposed that innovation could assist with workforce pressures, such as tech enabled care, and its use within residential care facilities. However, at all times, minimum staffing levels would be on duty and, despite the public thinking this was not appropriate, those minimum staffing levels were safe, as they were set by the Care Inspectorate through its registration procedure. She concluded by saying that staffing numbers would only be replaced and/or reduced, through technology, where safe and appropriate and only after significant checks and balances, but would not be reduced to a level where there was an inability to respond to any crisis.

Issy Grieve summarised by saying the draft Annual Accounts were very readable and she took great assurance from the information provided, noting there were no surprises as members were well aware of the ongoing pressures and risks.

The Committee noted:

**7.1.** That, as Integration Joint Boards were specified 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.

**7.2.** The Management Commentary, comprising pages 5 to 17 of the draft Annual Accounts, attached as at 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 2019.

The Committee resolved:

**7.3.** To approve the draft Annual Governance Statement, comprising pages 23 to 29 of the draft Annual Accounts for financial year 2018 to 2019, attached as Appendix 1 to the report circulated.

**7.4.** Subject to the additions and amendments raised by members which would be addressed by the Chief Finance Officer, including key performance data, to approve the draft Annual Accounts for financial year 2018/19.

## **8. PARIS Support System**

There had been previously circulated a report presenting the findings of an internal audit, undertaken on behalf of Orkney Islands Council, in respect of procedures and controls relating to PARIS, the health and social care case system used within Orkney Health and Care, for information.

Andrew Paterson advised that the audit was contained within the Council's Annual Audit Plan and had been reported to the Monitoring and Audit Committee recently. Areas of good practice had been highlighted, together with some areas for improvement. Three high level recommendations, relating to the service contract and access controls, had been identified, with the action plan, containing seven recommendations overall, agreed with relevant officers. All recommendations were due to be completed by March 2020.

Councillor John Richards advised that the PARIS system was, in technology terms, an old system, first installed in 2002. He noted the medium priority action to carry out an exercise to review current availability and functionality of CCM (case care management) systems available on the open market and sought assurance that the Council's IT service would provide support to the service when carrying out market research and there would be close collaboration with NHS Orkney. If, in the future, it was determined to purchase an alternative system, how would this be funded?

Andrew Paterson advised that, at present, the system was entirely funded by the Council. Sally Shaw suggested that, as the system was used by staff across Orkney Health and Care, a business case would be submitted to both partners for the Board to thereafter commission.

Frances Troup referred to access rights and was content that where an employee left the employment of the Council, their network access would be stopped. However, should an employee move to an alternative position within the Council, how did that affect access rights. Andrew Paterson confirmed that, should an employee move within the Council, they would retain network access and the audit had highlighted the fact that two users had retained log on access rights several years after changing job roles. Issy Grieve was assured that, as this had been highlighted through the audit process, action had been taken to address this point.

The Committee noted:

**8.1.** That an internal audit had been completed on the procedures and controls relating to PARIS, the health and social care case system used within Orkney Health and Care.

**8.2.** The findings of the internal audit report reviewing the procedures and controls relating to PARIS.

**8.3.** That the internal audit report, attached as Appendix 1 to the report circulated, was scrutinised by Orkney Islands Council's Monitoring and Audit Committee on 6 June 2019, where assurance was obtained that action had been taken or agreed where necessary.

## **9. Date and Time of Next Meeting**

It was agreed that the next meeting be held on Thursday, 29 August 2019 at 14:00 in the Council Chamber, Council Offices, Kirkwall.

## **10. Conclusion of Meeting**

There being no further business, the Chair declared the meeting concluded at 14:30.