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Integration Joint Board – Audit Committee

Wednesday, 13 March 2019, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.

Minute

Present

- Davie Campbell, Non-Executive Director, NHS Orkney.
- Scott Hunter, Chief Social Work Officer, Orkney Islands Council.
- Issy Grieve, Non-Executive Director, NHS Orkney.
- Councillor John T Richards, Orkney Islands Council.
- Councillor Stephen Sankey, Orkney Islands Council.

Clerk

- Angela Kingston, Committees Officer, Orkney Islands Council.

In Attendance

Orkney Health and Care:

- Pat Robinson, Chief Finance Officer.
- Sally Shaw, Chief Officer.

Orkney Islands Council:

- Katharine McKerrell, Solicitor.
- Andrew Paterson, Chief Internal Auditor.
- Peter Thomas, Internal Auditor.
- Gareth Waterson, Head of Finance.

Audit Scotland:

- Gillian Woolman, Audit Director.
- Neil Reid, Senior Auditor.

Scott-Moncrieff:

- Matt Swann, Senior Manager.

Chair

- Councillor Stephen Sankey, Orkney Islands Council.

1. Apologies

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

- Frances Troup, Head of Housing, Homelessness and Schoolcare Accommodation Services, Orkney Islands Council.

For the benefit of new members, the Chair got everyone present to introduce themselves.

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 26 September 2018.

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

4. Matters Arising

4.1. External Audit Report to those charged with Governance

Councillor Stephen Sankey referred to the undertaking previously agreed to write to officers regarding the key messages of the annual audit report. Replies had been received from communications and this would be covered further in Item 5 below.

4.2. Financial Planning

Councillor Stephen Sankey referred to the proposal to develop a medium term financial plan and noted this was highlighted as a risk in Item 5 below. Councillor Sankey also commented on the non-approval of the annual budget for 2018/19. Pat Robinson advised that the budget had been received by the IJB in October 2018, with further discussion regarding process taking place in November 2018.

Councillor Sankey further noted the financial recovery plan detailing how forecast savings were going to be achieved within the financial year. Pat Robinson advised that further detail regarding overspends would be presented to the IJB and commented that residential care for the elderly and home care had struggled with significant staff vacancies and sickness absences.

4.3. Children's House, Rendall Road, Kirkwall

Councillor Stephen Sankey referred to the lack of an auto dialler when the fire alarm was activated. Scott Hunter reassured members that safety was paramount and that regular tests were carried out with regard to alarm systems. Staff would continue to work with the Scottish Fire and Rescue Service to ensure compliance and it was considered that the system in place was satisfactory.

Councillor John Richards accepted this as a reasonable reassurance but did not share the opinion of not having an auto dialler and asked that officers did not discount this as an option going forward.

5. External Audit Annual Audit Plan

There had been previously circulated a report introducing Audit Scotland's Orkney Integration Joint Board Annual Audit Plan for 2018 to 2019 for consideration and scrutiny.

Gillian Woolman referred to the Audit Plan and the risks identified. Key risks highlighted included financial reporting, and it was noted that work carried out with officers had resulted in good quality accounts being presented for approval. The projected financial outturn presented challenges ahead. It was felt that further clarification regarding services for which the IJB held responsibility would be required, and the importance of working with partners to this regard was noted. The quick appointment of Orkney Islands Council's Chief Internal Auditor was highlighted as positive, with financial sustainability noted and savings being required to achieve this.

Moving on to longer term financial planning, Gillian Woolman noted this would be challenging, with the need for strategic decisions to enable plans to be in place going forward. It was confirmed that all appropriate measures were in place by partners with regard to the GDPR review. The review of the Integration Scheme noted the difficulties year on year with regard to reducing funding. Monitoring and reporting was ongoing in respect of the Risk Register.

Gillian Woolman acknowledged flexibility with officers at Orkney Islands Council to accommodate meeting dates to allow for reporting arrangements at critical points in the year. The increase in audit fee was common across the whole of Scotland. Under the Responsibilities section of the Audit Plan, the role of the Audit Committee was highlighted and noted how audits were carried out. Gillian Woolman advised of the close work between Audit Scotland and the internal audit team of Orkney Islands Council.

Councillor Stephen Sankey commented on the high quality of the report and its easiness to read. Questions were invited from members, in particular focussing on the risks highlighted within the Plan.

Councillor John Richards asked whether all services had been transferred to the IJB, and Pat Robinson confirmed that, although all services had been transferred, the funding was complex and required more work with NHS Orkney.

Issy Grieve raised the issue of longer term financial planning and whether a three year medium term plan might prove more challenging for Orkney Islands Council. Sally Shaw noted that reassurance had been given by both Chief Executives regarding budget planning, with Gareth Waterson noting that medium term plans would be advantageous, however, due to a number of unknowns, this might be seen as an ambition of the IJB for the future.

Davie Campbell questioned when the budget for 2019/20 would be presented for approval, and Pat Robinson confirmed this would be available for consideration at the next meeting of the Integration Joint Board.

Councillor John Richards voiced his thanks for a succinct and well-presented report.

The Committee thereafter **noted** the external audit plan for 2018 to 2019, prepared by Audit Scotland, attached as Appendix 1 to the report circulated.

6. Governance of Compliance with IJB Legislation

There had been previously circulated a report presenting the findings of an internal audit, undertaken on behalf of Orkney Islands IJB, relating to governance of compliance with Integration Joint Board legislation, for consideration and scrutiny.

Matt Swann summarised key points from the internal audit report, noting that the IJB had efficient governance and scrutiny processes in place. A further internal audit to consider a new commissioning plan from 2019/20 was due to take place later in the year. Areas of good practice had been highlighted such as the Integration Scheme being clear regarding functions delegated to the IJB and the IJB having the appropriate membership to enable those functions to be carried out effectively.

Councillor Stephen Sankey commented on the clarity of the report and its easiness to read and noted there were no weaknesses to report.

The Committee thereafter noted:

6.1. That Scott-Moncrieff had undertaken an audit of the governance of compliance with Integration Joint Board legislation.

6.2. The findings contained in the internal audit report, attached as Appendix 1 to the report circulated, relating to governance of compliance with IJB legislation.

7. Partnership Working

There had been previously circulated a report presenting the findings of an internal audit, undertaken on behalf of NHS Orkney, relating to partnership working in relation to health and social care integration, for consideration and scrutiny.

Matt Swann referred to two findings from the internal audit, which, if addressed, would strengthen NHS Orkney and the IJB control framework, namely:

- Delay in producing the Strategic Commissioning Plan for future years.
- Delay in setting Key Delivery Targets for future years.

It was noted there had been a period of time with no Chief Officer in post, but since appointment, Sally Shaw was working to create a Strategic Plan that was reflective of the needs of the local community. It was noted that the findings were recorded as “yellow”; however, if the Plan was delayed to later in the year, there would be a higher level of risk for the IJB in this respect.

The Committee thereafter noted:

7.1. That Scott-Moncrieff had undertaken an audit of Partnership Working – Health and Social Care Integration.

7.2. The findings contained in the internal audit report, attached as Appendix 1 to the report circulated, relating to Partnership Working – Health and Social Care Integration.

7.3. That an action plan to address the improvements identified and included within the internal audit report had been agreed with responsible officers, with the actions due to be implemented by summer 2019.

8. Out of Orkney Placements

There had been previously circulated a report presenting the findings of an internal audit, undertaken on behalf of Orkney Islands Council, relating to out of Orkney placements, for information.

Andrew Paterson confirmed the audit had been carried out and referred to Peter Thomas to provide detail of the audit. Peter Thomas noted that reasonable assurance had been received regarding the management of out of Orkney placements. Although areas had been identified where strong governance existed, two areas had been flagged for action:

- The Terms of Reference for the Extraordinary Packages of Care Group should be reviewed and presented to the Council for approval.
- Checks should be carried out to ensure that an Individual Placement Agreement had been prepared and was in place at the commencement of all placements.

Councillor Stephen Sankey noted that, of the six recommendations listed within the internal audit report, four had been completed, leaving two to be completed by March 2019.

Councillor John Richards commented that members of Orkney Islands Council's Monitoring and Audit Committee had been concerned regarding lack of process, scrutiny and effective governance, which had resulted in the good work undertaken by internal audit to produce the report presented. It was further noted there had been clear co-operation between staff in Education and Orkney Health and Care to enable the auditor to produce his findings.

The Committee thereafter noted:

8.1. That Orkney Islands Council's Internal Audit service had undertaken an audit of the governance processes relating to out of Orkney placements.

8.2. The findings of the internal audit report relating to the governance processes for out of Orkney placements, which were scrutinised by Orkney Islands Council's Monitoring and Audit Committee on 27 September 2018.

9. Date and Time of Next Meeting

It was agreed that the next meeting be held on Wednesday, 26 June 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 14:45.