



Gillian Morrison (Interim Chief Officer)

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Agenda Item: 3.

Integration Joint Board – Audit Committee

Wednesday, 18 November 2020, 14:00.

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 Steve 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

Orkney Health and Care:

- Gillian Morrison, Interim Chief Officer.
- Pat Robinson, Chief Finance Officer.

Orkney Islands Council:

- Andrew Paterson, Chief Internal Auditor.
- Katharine McKerrell, Solicitor.

Audit Scotland:

- Neil Reid, Senior Auditor.

Azets:

- Matthew Swann, Associate Director.

Observing

- Sandra Craigie, Committees Officer, Orkney Islands Council.
- 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:

- Jim Lyon, 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 17 September 2020.

Matt Swann advised that his job title should be amended to Associate Director and Scott-Moncrieff amended to Azets.

Councillor Steve Sankey queried the wording of the first bullet point on page 3, relating to the internal audit on budgetary processes, whereby it stated that “Budgets for the financial year are set timeously and are approved by the commencement of the financial year”, as the Board had not yet approved a budget, but had received it.

Andrew Paterson advised that the bullet points listed in the Minute referred to the scope of the audit which was to review controls in place to ensure that budgets were approved. The outcome of the audit had, however, confirmed that the Board had, as advised, only received the budget and not approved it.

Subject to the amendment and the clarification above, the minute was **approved** as a true record.

4. Matters Arising

4.1. Finance Workshop

Pat Robinson advised that a date had been set for early January 2021 as a follow-up session to consider the outcomes from the August 2020 finance workshop.

4.2. Action Plan

Davie Campbell asked that an action plan be introduced for the Audit Committee.

5. Internal Audit Plan

There had been previously circulated a report presenting the draft Internal Audit Annual Plan for 2020/21, for review and approval.

Matt Swann advised that the structure and content of the audit plan was similar to previous plans, other than it was now rebranded to Azets (formerly Scott-Moncrieff). The proposal was to undertake just one internal audit during 2020/21, namely in respect of corporate governance, as previously discussed with officers and members of the Audit Committee.

Councillor John Richards advised he was more familiar with Orkney Islands Council's processes whereby the internal audit plan was approved in June and a half-year update was provided in November and queried whether it was normal practice for the Board's internal audit plan to be approved so late in the year.

Matt Swann advised that, although it was best practice for the internal audit plan to be approved prior to the start of the financial year, given that the proposal was for just one audit, getting the plan approved in November would not cause any issues, particularly as discussions had taken place in July on the way forward.

Councillor John Richards then queried what contingency element was built into the internal audit plan. Matt Swann advised that, normally two audits would be undertaken – one each by Orkney Islands Council and NHS Orkney – with time allocated within the respective audit plans and budgets. Any contingency requirement would require additional budget. Gillian Morrison advised that good governance suggested contingency and/or flexibility should be built into each audit, as well as the overall audit plan, rather than the process being budget-led.

Davie Campbell summarised that the proposed internal audit plan was not last minute, as input had previously been provided by both officers and members. The proposed audit area, corporate governance, was a large area to cover and he suggested that auditors focus on areas they thought required attention.

The Board noted:

5.1. That a comprehensive audit planning process had been undertaken by the Chief Internal Auditor in order to identify priorities for the internal audit activity for financial year 2020/21.

The Board approved:

5.2. The Internal Audit Plan for 2020/21, attached as Appendix 1 to the report circulated.

6. Corporate Governance

There had been previously circulated a report presenting the Assignment Plan for the proposed internal audit of the Integration Joint Board's corporate governance arrangements, for review and approval.

Matt Swann advised that, normally, the Assignment Plan would be signed off with officers; however, given that only one audit was being undertaken (following approval of the Internal Audit Plan), he thought it would be helpful for the Audit Committee to see the detail.

Councillor Steve Sankey referred to the control objectives and queried whether they were sufficiently specific. Previous discussions had been held regarding OHAC and the Clinical and Care Governance Committee, which originated as an NHS Orkney committee, evolving over time, therefore the Terms of Reference should be reviewed, and he queried whether that warranted particular scrutiny.

Issy Grieve advised that OHAC was not a reporting committee to the Integration Joint Board, whereas the Clinical and Care Governance Committee was a governance committee. She queried whether the audit risk assurance framework would be reviewed, or just the terms of reference.

Gillian Morrison advised that the primary reference document was the Integration Scheme which detailed how governance operated; however, it was silent in some areas. Although the Integration Scheme was currently under review, that was for Orkney Islands Council and NHS Orkney to take the lead, not the Integration Joint Board or OHAC. The findings of the internal audit on corporate governance would be helpful with regard to the review of the Integration Scheme. She was currently looking at the whole structure around the Integration Joint Board and one of her key objectives was to streamline governance, which would be reported to the Integration Joint Board in due course.

Matt Swann advised that the audit would focus on the governance structure as a whole – how the Board and Committees interacted. In a larger area, a sample of committees would be audited, however, locally, he would be looking at how OHAC and the Clinical and Care Governance Committee interacted with the Integration Joint Board. Although the control objectives listed in the Assignment Plan were generic, he could provide more detail, if required.

Gillian Morrison clarified that she understood reference to OHAC as not being the Council's service committee, rather the delivery arm, as any matter reported to the Council's OHAC Committee was not within the jurisdiction of the Integration Joint Board.

Davie Campbell queried when the internal audit would be reported to the Audit Committee and Matt Swann advised that it was currently on schedule to be reported to the meeting of the Audit Committee to be held on 10 March 2021.

The Board **approved** the Internal Audit Assignment Plan in relation to Corporate Governance, attached as Appendix 1 to the report circulated.

7. Audit Scotland – COVID-19

There had been previously circulated a report presenting Audit Scotland's publication, COVID-19: Guide for Audit and Risk Committees, for consideration.

Pat Robinson advised that the guide highlighted areas which audit and risk committees should look at during the pandemic, although some areas listed referred to operational matters. The matters to be looked at included performance reporting and she advised that interviews would be held shortly for the vacant post of Planning and Performance Officer. The internal audit on corporate governance was also timely.

Councillor John Richards advised that the Council's Monitoring and Audit Committee had also considered Audit Scotland's publication and agreed that the document was too important to "sit on a shelf". Accordingly, the Chair and Vice Chair had agreed to meet the Council's Chief Internal Auditor to see how the various questions were being progressed from a Council perspective.

Councillor Steve Sankey referred to Exhibit 2, Financial management and reporting, and discussion at the previous meeting of the Integration Joint Board relating to the savings plan and queried whether this should be discussed at the finance workshop scheduled for January 2021. Davie Campbell suggested that he would speak with Pat Robinson and appropriate questions (namely excluding operational matters) in the publication could be considered at that session.

The Board noted Audit Scotland's publication, COVID-19: Guide for Audit and Risk Committees, attached as Appendix 1 to the report circulated, which highlighted key issues for consideration by audit and risk committees during the pandemic, together with suggested questions to ensure effective scrutiny and challenge in those key areas.

8. Date and Time of Next Meeting

It was agreed that the next meeting be held on Wednesday, 10 March 2021 at 11:30.

It was noted that the following dates had also been scheduled:

- Wednesday, 23 June 2021 at 11:30.
- Wednesday, 25 August 2021 at 14:00.
- Wednesday, 17 November 2021 at 11:30.

9. Conclusion of Meeting

There being no further business, the Chair declared the meeting concluded at 14:34.