

## AGENDA ITEM NO 3

MINUTE of MEETING of the **ANGUS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** held in the Committee Room, Town and County Hall, Forfar, on Wednesday 27 June 2018 at 12 noon.

**Present: Members of Audit Committee**

Councillor JULIE BELL, Angus Council  
DAVID BARROWMAN, Service User Representative  
PETER BURKE, Carers Representative  
JIM FOULIS, Associate Nurse Director (from Item 8 onwards)  
BARBARA TUCKER, Staff Representative

**Advisory Officers**

SANDY BERRY, Chief Finance Officer  
VICKY IRONS, Chief Officer  
DAVID THOMPSON, Principal Solicitor – Place Directorate, Angus Council

**Also in Attendance**

RACHEL BROWNE, Senior Audit Manager, Audit Scotland  
TONY GASKIN, Chief Internal Auditor, Fife, Tayside & Forth Valley Audit and Management Services (FTF) (from Item 8 onwards)  
TRUDY McLEAY, Non-Executive Board Member - Observer

Councillor Julie Bell, in the Chair

**1. APOLOGIES**

There were no apologies intimated. Welcome and Introductions took place.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

**3. MINUTE OF PREVIOUS MEETING**

The minute of the previous meeting of 18 April 2018 was submitted and approved as a correct record.

**4. INTERNAL AUDIT – CLINICAL, CARE AND PROFESSIONAL GOVERNANCE REPORT (AUDIT AN05/18)**

With reference to Article 6 of the minute of meeting of this Committee of 10 January 2018, there was submitted Report No IJB 47/18 by the Chief Finance Officer updating members on the outcomes of the Internal Audit Report regarding the review of Clinical, Care and Professional Governance.

The Report indicated that as part of the Integration Joint Board's (IJB) overall Internal Audit Plan for 2017/18 it was agreed to undertake an Internal Audit of the IJB's Clinical, Care and Professional Governance. The outcome of the Internal Audit was attached as Appendix 1 to the Report. The Audit Report had graded the IJB as a 'B (Broadly Satisfactory) for its current arrangements.

Most Internal Audits contain a series of Internal Audit recommendations and related management responses. These were set out in the Appendix attached to the Report and with a recommendation that a summary of progress with these actions be brought back to a future meeting of the IJB's Audit Committee.

The Chief Finance Officer provided an update and overview of the Report.

The Board thereafter heard from the Chair, who intimated that the Report grading of B – Broadly Satisfactory, was very encouraging and commended all staff for their hard work.

Following discussion, the Integration Joint Board Audit Committee agreed:-

- (i) to note the Internal Audit Review of Clinical, Care and Professional Governance;
- (ii) to specifically note the intended submission of papers, regarding Risk Management to the August meeting of the Audit Committee;
- (iii) to the associated management response/action and to request an update on progress against actions at the Audit Committee meeting succeeding the August Audit Committee meeting;
- (iv) that regarding recommendation (iii) above, agreed that reports regarding Clinical, Care and Professional Governance should be submitted to the main Integration Joint Board twice per annum in line with Performance reporting;
- (v) to request the Chief Officer to consider if a briefing session could be provided to the Integration Joint Board by the new NHS Tayside management regarding recent changes within NHS Tayside.
- (vi) that having reflected on the time set aside for Audit Committees and having regard to the size of the agenda agreed that the duration of meetings should in future be extended in response to the demands of the agenda.

## **5. INTERNAL AUDIT – FINANCIAL MANAGEMENT FOLLOW UP REPORT**

With reference to Article 6 of the minute of meeting of this Committee of 28 June 2017, there was submitted Report No IJB 48/18 by the Chief Finance Officer updating members on the outcomes of the Internal Audit follow up Report regarding the review of Financial Management (Adult Services).

The Report indicated that the Audit Committee Report IJB 39/17 presented to the June 2017 Integration Joint Board (IJB) set out the outcomes of the Internal Audit Report regarding Financial Management (Audit Services). A number of weaknesses had been considered within this Report and the outcome of the audit was a D- (inadequate) grading. The Audit Committee subsequently agreed that, given the weaknesses identified, a follow up audit would be beneficial. The audit has now been undertaken during 2017/18 and the outcome is attached as Appendix 1 to the Report. Original audit recommendations had now been either completed, partially completed, superseded or remain incomplete.

The Chief Finance Officer had originally expected that the breadth of the follow up audit would extend beyond revisiting issues previously raised in the original audit and would consider other weaknesses set out in Report IJB 39/17. It was reported that this follow up did not extend to a wider review and that the follow up was restricted to matters previously considered in Report IJB 39/17.

Whilst weaknesses remain, there had been progress with issues such as budgetary management and financial reporting which had proved beneficial to the IJB. It was now incumbent upon the Chief Finance Officer and the Finance support teams to ensure the progress made during 2017/18 was maintained, embedded within Council finance systems and used as a building block for overall improved financial management going forward.

Potential shortcomings were also identified in the Integration Joint Board's depth of understanding and control of Self Directed Support costs and it was highlighted that this could be subject of a future audit review. Members raised concerns regarding Self-Directed Support (SDS). The Chief Officer and also the Chief Finance Officer indicated that consideration would be given to providing an update on Self Directed Support within Eligibility Criteria reports being brought to the Integration Joint Board in October 2018.

The Integration Joint Board Audit Committee agreed:-

- (i) to note the Internal Audit review of Financial Management;
- (ii) to the associated management response/action and to request an update on progress against actions at the Audit Committee meeting succeeding the August Audit Committee meeting; and
- (iii) to note the additional comments of the Chief Finance Officer.

## **6. 2017/18 INTERNAL AUDIT PLAN – PROGRESS REPORT**

With reference to Article 8 of the minute of meeting of this Committee of 18 April 2018 there was submitted Report No IJB 49/18 setting out progress towards delivery of the 2017/18 Internal Audit Plan.

The Report indicated that Appendix 1 to the Report outlined the Angus Integration Joint Board Internal Auditor's progress report on the 2017/18 Internal Audit Plan. An equivalent plan would be produced routinely for all Audit Committee meetings describing progress with Internal Audit Plans.

The Chief Finance Officer highlighted that the Internal Audits in respect of AN04/18 – Risk Management and AN06/18 – Capacity, would be reported early in the new financial year and that for the 2018/19 audit cycle it was recommended that Internal Audits be planned for reporting in December 2018.

The Integration Joint Board Audit Committee agreed:-

- (i) to note the contents of the Report; and
- (ii) to endorse that the internal audit reports in respect of AN04/18 – Risk Management and AN06/18- Capacity be planned for reporting in December 2018.

## **7. 2017/18 ANNUAL INTERNAL AUDIT REPORT**

With reference to Article 9 of the minute of meeting of this Committee of 28 June 2018, there was submitted Report No IJB 50/18 by the Chief Finance Officer presenting the Annual Internal Audit Report as produced by Angus Integration Joint Board's (IJB) Internal Auditors.

The Report indicated that Appendix 1 to the Report outlined the Angus Integration Joint Board's Internal Auditors 2017/18 Annual Internal Audit Report.

The Annual Report to the IJB provided the Chief Internal Auditor's opinion on the IJB's internal control framework for the financial year 2017/18. Based on the work undertaken he concluded that reliance could be placed on the IJB's governance arrangements and systems of internal controls for 2017/18. In addition, he had not advised management of any concerns around consistency of the Governance Statement with information that they were aware of from their work; the format and content of the Governance Statement in relation to the relevant guidance; and the disclosure of all relevant issues. The conclusion was reflected in the IJB'S Governance Statement.

The Chief Finance Officer provided an update to the Report and highlighted that in terms of A3 (iii) of the Report, it had been recommended that an Audit Committee year-end Report be submitted for consideration to the Integration Joint Board. He indicated that this should be progressed and considered by the Integration Joint Board at their next meeting in August 2018.

The Chair thereafter highlighted that in terms of the changes of membership of the Integration Joint Board and Integration Joint Board Audit Committee, she welcomed and supported the recommendation to ensure regular induction and development process for members.

The Integration Joint Board Audit Committee agreed:-

- (i) to note the Annual Internal Audit Report regarding the evaluation of the internal control environment for 2017/18 and considered actions to be taken on the issues reported for consideration; and
- (ii) to approve the compilation of a governance action plan to respond to the issues raised in the Annual Internal Audit Report and through other governance channels and that the action plan be brought to the next meeting of the Audit Committee.

## **8. 2017/18 ANGUS INTEGRATION JOINT BOARD – GOVERNANCE STATEMENT**

With reference to Article 10 of the minute of meeting of this Committee of 28 June 2017, there was submitted Report No IJB 51/18 by the Chief Finance Officer setting out the Integration Joint Board's(IJB) draft Governance Statement for financial year 2017/18. If approved, the Governance Statement would then be formally included in the IJB'S 2017/18 Annual Accounts.

The Report indicated that on an annual basis the Integration Joint Board had to include a Governance Statement within its Annual Accounts. This statement was intended to explain the IJB's governance arrangements and effectiveness of the IJB's system of internal control.

The Governance Statement acknowledged that a number of issues for development in 2018/19 had previously been documents for development in 2017/18. The lack of progress with these issues was linked to their complexity, the fact that some of them could only be developed in conjunction with other parties and capacity constraints within the IJB.

It was recommended that a formal Governance Action Plan setting out timelines for addressing outstanding governance issues, but noting that some actions may be dependent on engagement with other parties, be submitted for consideration at the next Audit Committee. This was consistent with the recommendations referred to in terms of Report IJB 50/18.

The Integration Joint Board Audit Committee agreed:-

- (i) to approve the Integration Joint Board's 2017/18 Governance Statement;
- (ii) to authorise the Chair of the Integration Joint Board's Audit Committee to write to both Angus Council and NHS Tayside confirming the adequacy and effectiveness of the governance arrangements within Angus Integration Joint Board for 2017/18; and
- (iii) to request that the Chief Finance Officer develops a Governance Action Plan for 2018/19 and submit this to the August 2018 meeting of the Audit Committee.

## **9. ANGUS INTEGRATION JOINT BOARD – UNAUDITED ANNUAL ACCOUNTS**

With reference to Article 11 of the minute of meeting of this Committee of 28 June 2017, there was submitted Report No IJB 52/18 by the Chief Finance Officer setting out the Integration Joint Board's unaudited annual accounts for financial year 2017/18.

The Report indicated that as a formally constituted body, the IJB was required to produce a set of formal Annual Accounts. The Accounts have been produced in line with LASAAC (Local Authority Scotland Accounts Advisory Committee) guidance 'Additional Guidance on Accounting for the Integration of Health and Social Care'(revised April 2018) and with reference to guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Audit Scotland, April 2018.

Attached as Appendix 1 to the Report were the Integration Joint Board's Unaudited Annual Accounts for 2017/18.

The unaudited Annual Accounts submitted to the Integration Joint Board's External Auditors would include a Governance Statement that was the subject of separate Audit Committee consideration and an extract of the Integration Joint Board's Annual Performance Report.

The Chief Finance Officer provided an overview of the Report and highlighted that the Report would require to be amended to state that Councillor Derek Wann had not stepped down as a member of the Integration Joint Board. Some minor amendments were also highlighted to the Chief Finance Officer for his consideration.

The Integration Joint Board Audit Committee agreed:-

- (i) to note the background regarding compilation of the Integration Joint Board's 2017/18 Unaudited Annual Accounts; and
- (ii) to confirm the submission of the unaudited Annual Accounts to the Integration Joint Board's External Auditors.

## **10. EXTERNAL REPORTS**

With reference to Article 9 of the minute of meeting of this Committee of 18 April 2018, there was submitted Report No IJB 53/18 by the Chief Finance Officer providing members with an update regarding external, often national reports, which were of interest to the Audit Committee.

The Report indicated that on a regular basis, reports were published by external bodies that were relevant and useful to Angus Integration Joint Board. As part of the 2016/17 External Audit process, Audit Scotland particularly recommended that Angus Integration Joint Board consider the relevant Audit Scotland reports on a regular basis. The principle associated with Audit Scotland reports should be extended to other relevant reports.

The Report highlighted reports of relevance, but also noted specific issues or potential actions that could emanate from these reports. The list of reports covered the period from March 2018 to early June 2018.

The Integration Joint Board Audit Committee noted the publication of the Reports as outlined in Section 2 of the Report.

## **11. REVIEW OF THE ROLE OF CHIEF FINANCE OFFICER**

With reference to Article 8 of the minute of meeting of this Committee of 28 June 2017, there was submitted Report No IJB 54/18 by the Chief Finance Officer updating members on the main points to note from a high-level 2017/18 'Review of the Role of the Chief Finance Officer'.

The Report indicated that, in 2016, the Chartered Institute of Public Finance and Accountancy (CIPFA) had published a document 'The Role of Chief Finance Officer in Local Government'.

The five principles that defined the core activities and behaviours of the Chief Finance Officer in Public Services organisation and the organisational arrangement required to support the Chief Finance Officer were outlined in Section 2 of the Report.

The 2016/17 self-assessment, (referred to in Report IJB 41/17) against the principles, noted the position at the end of financial year 2016/17. Whilst Angus Integration Joint Board remained generally self-assessed as being compliant against the principles, an update against previous areas of weakness were set out in the table outlined in Section 2.2 of the Report.

Progress had been made with a number of issues. However, issues relating to the provision of finance systems, support and staffing remained outwith the direct control of the Integration Joint Board Chief Finance Officer. It was noted that this was prevalent across Scotland and was one that was under consideration by the national Chief Finance Officer network.

The Chief Finance Officer provided an overview of the Report.

Following discussion and having heard from the Chair, the Integration Joint Board Audit Committee agreed:-

- (i) that the status of the two areas of issue states as "incomplete" be amended to "subject to further development"; and

- (ii) to note the main points from the 2017/18 high-level self-assessment of the role of the Chief Finance Officer for Angus Integration Joint Board;

## **12. CORPORATE STRATEGIC RISK MANAGEMENT**

There was submitted Report No IJB 55/18 by the Chief Officer providing the Annual Report in relation to Corporate Strategic Risk Management activities which had been undertaken during 2017/18.

The Report indicated that within Angus Health and Social Care Partnership, the Angus Integration Joint Board had delegated responsibility to the Angus Integration Joint Board Audit Committee, as per the outcomes of internal Audit Report AN05/18, to review the organisation's corporate strategic risk management arrangements, systems and processes.

The aims of the Report was to demonstrate the early arrangements for Risk Management. It highlighted the requirement to strengthen the process for a comprehensive risk management framework, congruent with partner organisations. The framework comprised robust governance, strategy, structures, policies and procedures based on sound risk management principles appropriate to integrated working. Assurance would be provided that there were systems in place to manage risk throughout the Angus Health and Social Care Partnership.

During 2017/18, scrutiny and management of risks were devolved to the Angus Health and Social Care Partnership Clinical Care and Professional Governance Forum. Monitoring of corporate strategic risk performance had been undertaken on a bi-monthly basis during 2017/18 with an annual update considered by Angus Integration Joint Board in April 2018.

Appendix 2 to the Report outlined the Angus Health and Social Care Partnership Corporate Strategic Risk Rating Matrix.

The Chief Officer provided an overview to the Report and having heard from the Chair, who raised concerns in terms of the Risk Rating Matrix, the Chief Internal Auditor (FTF) confirmed that it was an expectation that a number of red risks were highlighted as this exposed the current difficult challenging environment.

The Integration Joint Board Audit Committee agreed:-

- (i) to approve the contents of the Report and the associated Appendix 1 to the Report; and
- (ii) that officers consider including additional narrative to the Corporate Risk Register Rating Matrix.

## **13. DATE OF NEXT MEETING**

The next meeting of the Angus Health and Social Care Integration Joint Board Audit Committee would be held on Wednesday 29 August 2018 at 12.30pm in the Committee Room, Town and County Hall, Forfar.