

## **AGENDA ITEM NO 3 (c)**

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 12 December 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  
TRUDY McLEAY, Non-Executive Board Member

**Advisory Officers**

VICKY IRONS, Chief Officer  
SANDY BERRY, Chief Finance Officer  
WENDY SUTHERLAND, Team Leader – Place Directorate, Angus Council

**Also in Attendance**

TONY GASKIN, Chief Internal Auditor, Fife, Tayside & Forth Valley Audit and Management Services (FTF) (from Item 7 onwards)  
GILLIAN WOOLMAN, Audit Director, Audit Scotland

Councillor Julie Bell, in the Chair

**1. APOLOGIES**

Apologies for absence were intimated on behalf of Barbara Tucker, Staff Representative, and NHS Tayside.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

**3. MINUTE OF PREVIOUS MEETING**

The minute of the previous meeting of 29 August 2018 was submitted and approved as a correct record.

The Chief Finance Officer indicated that in addition to the minute of meeting, an action list would be produced for future meetings.

At this stage of the meeting, the Chief Finance Officer advised that the Chief Internal Auditor had been delayed and requested the agenda order to be changed.

The Audit Committee thereafter agreed to change the Order of Business which would now be considered in the following order.

**4. 2017/18 EXTERNAL ANNUAL AUDIT REPORT – PROGRESS REPORT**

With reference to Article 7 of the minute of meeting of this Committee of 10 January 2018, there was submitted Report No IJB 102/18 by the Chief Finance Officer setting out progress towards the completion of the 2017/18 External Annual Audit Report Action Plan.

The Report indicated that the August 2018 meeting of the IJB's Audit Committee considered the IJB's External Auditor's Annual Audit Report. Within the overall report, there were some specific recommendations made with corresponding actions agreed by the IJB's management.

Appendix 1 to the Report provided an update on the progress of these actions. As these matters were largely concluded or now ongoing it was not proposed to provide a further update to the Audit Committee.

The Chief Finance Officer provided a brief overview of the Report.

The Chief Officer advised that the Head of Integrated Mental Health Services was making progress in a number of areas, in particular, workforce planning, EU Settlement Scheme, Brexit risks and medical and equipment supplies.

Following a question from the Chair in terms of medicine availability, the Chief Officer and Associate Nurse Director provided assurances that to date there was no specific risks identified within Angus currently and indicated that if there were any issues highlighted by constituents then these would require to be raised with their GP, in the first instance.

The Integration Joint Board Audit Committee agreed to note the External Annual Audit Progress Report.

## **5. 2018/19 EXTERNAL AUDIT ANNUAL AUDIT PLAN**

With reference to Article 7 of the minute of meeting of this Committee of 10 January 2018, there was submitted Report No IJB 103/18 by the Chief Finance Officer presenting a report to members with information regarding the 2018/19 External Audit Annual Audit Plan.

The Report indicated that as the accounts were being produced in accordance with Local Authority accounting principles, so the national position had been determined that the External Audit of the IJB's accounts would be undertaken by the relevant Local Authority's existing External Auditor. For Angus IJB and Angus Council, this was Audit Scotland.

Audit Scotland was a statutory body which provided audit services to the Accounts Commission and the Auditor General. The Chief Finance Officer would have regular discussion with the External Audit team to discuss the planning, production and audit of 2018/19 annual accounts.

There was an annual audit fee associated with the work of Audit Scotland and their proposed fee for 2018/19 was £25,000 (2017/18 £24,000).

Appendix 1 to the Report outlined the Angus Integration Joint Board Annual Audit Plan for 2018/19. The Audit would be undertaken to meet statutory reporting requirements and in order to meet the timescales as set out in the Plan, the Audit Committee would require to approve the unaudited accounts on 26 June 2019 and to agree the audited accounts on 28 August 2019.

The Assistant Director, Audit Scotland provided an informative overview and update in relation to the External Audit Annual Audit Plan for 2018/19 highlighting key areas in terms of Risks and planned work and audit scope and timing. She also highlighted there were four other planned audit work areas which may present significant risks to Angus Integration Joint Board and advised that as part of the 2018/19 audit, Audit Scotland would be looking at how these areas were being managed by Angus Integration Joint Board. This included EU Withdrawal and dependency on key suppliers.

The Chair enquired whether there had been any changes to the resource support from both NHS Tayside and Angus Council. In response, the Chief Finance Officer highlighted that this issue was outlined in a Report being considered by the Integration Joint Board later today and in his opinion considered that there were ongoing risks due to the support not being at the correct level and as a result, he perceived there could be some shortcomings within the IJB's financial management. He confirmed there were ongoing discussions with both NHS Tayside and Angus Council but highlighted this matter was still currently unresolved.

The Integration Joint Board Audit Committee agreed:-

- (i) to note the External Audit Annual Audit Plan; and
- (ii) to approve the new 2018/19 audit fee of £25,000.

## **6. REVIEW OF AUDIT COMMITTEE STANDING ORDERS**

With reference to Article 6 of the minute of meeting of the Integration Joint Board of 28 June 2017, there was submitted Report No IJB 104/18 by the Chief Finance Officer updating members regarding proposed revisions to the Integration Joint Board's (IJB) Audit Committee Standing Orders.

The Report indicated that the IJB's Audit Committee Standing Orders were originally developed prior to the formal implementation of Health and Social Care Integration. The benefits of reviewing the Audit Committee's Standing Orders, including the Audit Committee's remit, were noted at the Audit Committee's Development Session held in October 2018.

In terms of the proposed revision to the Standing Orders, the Report summarised the proposed revisions in terms of membership, remit of the Audit Committee and Report submission as outlined in Section 2.3 of the Report.

The Chief Finance Officer provided an overview of the three proposed revisions to the Standing Orders.

The Team Leader, Place Directorate advised that the Audit Committee Standing Orders stemmed from those of the Integration Joint Board (IJB) with Sections 1.1.17 and Appendix 1 being of particular relevance. Any variation of these Standing Orders would require approval of the Integration Joint Board following consultation with stakeholders. The views of the Audit Committee were a component of that consultation process. In addition the membership of the Audit Committee was constrained legislatively, with Articles 3, 17 and 18 of the Public Bodies (Joint Working) (Integrated Joint Boards) (Scotland) Regulations 2014 of direct relevance. The issue of the review of the Audit Committee's Standing Orders specified in paragraph 1.2 of Appendix 1 to the Standing orders would need to be actioned, albeit that omission was not an issue for conduct of Audit Committee business pending completion.

The Associate Nurse Director intimated that he would be leaving in May 2019.

Following discussion, a number of members' comments and questions were raised in terms of the membership, remit and report submission.

Having heard from the Chief Finance Officer who confirmed that in terms of the remit that it would be appropriate to leave the review of the remit until the Finance support arrangements were in place; he also recommended that the constitutional arrangements be amended to permit the IJB's Chief Internal Auditor and the IJB's External Auditor to submit reports directly to the Audit Committee should they require to do so and that consideration should be given to increasing the membership from 6 to 7, and in addition to also consider the benefits of an additional advisory officer be appointed to the Audit Committee.

The Integration Joint Board Audit Committee agreed:-

- (i) to recommend to the Integration Joint Board that Section 1.1 of the Standing Orders be amended to increase the membership of the Audit Committee from 6 to 7; and that an additional advisory officer be appointed to the Audit Committee;
- (ii) to note that the issue of the remit of the Audit Committee would be further reviewed once the finance support arrangements were in place; and
- (iii) to recommend to the Integration Joint Board that in terms of the Report submission to permit the IJB's Chief Internal Auditor and IJB's External Auditor to submit reports directly to the Audit Committee.

## **7. EXTERNAL REPORTS**

With reference to Article 11 of the minute of meeting of this Committee of 29 August 2018, there was submitted Report No IJB 105/18 by the Chief Finance Officer updating members regarding external, often national, reports that 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 IJB. As part of the 2016/17 External Audit process, Audit Scotland particularly recommended that Angus IJB 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 June 2018 to November 2018. The Reports listed were:- Children and Young People's Mental Health, Health and Social Care: Medium Term Financial Framework; NHS in Scotland 2018; Health and Social Care Integration – Update on Progress and Local Government in Scotland: Financial Overview 2017/18.

The Assistant Director, Audit Scotland provided a brief overview of the Health and Social Care Integration – Update on Progress Report.

The Chief Internal Auditor, in his opinion, advised that he considered that some of the recommendations contained within the Health and Social Care Integration – Update on Progress Report were challenging, and in the absence of Scottish Government national guidance, that some of these recommendations would not be possible to conclude.

The Chief Officer thereafter highlighted and referred to the key messages as outlined in the Report, in particular, in terms of the significant changes that were required in the way that health and care services were delivered; the need for appropriate leadership capacity that must be in place and the need for all partners to sign up to, and engage with, the reforms. She indicated the importance and necessity to further develop, move forward and improve upon partner relationships, to also become more involved, in particular, when presenting reports to partner agencies as this may lead to further meaningful engagement to work together to enable the changes that were required to sustain health and care services.

The Chair referred to the Council's Scrutiny and Audit Committee where members had requested integration briefings to be provided and confirmed that Councillor Lois Speed, Chair of the Integration Joint Board had indicated that she was content to provide integration briefings.

She also indicated that it would also be beneficial for Angus Council to become more sighted in terms of integration and having heard from some members, it was discussed that consideration should be given to providing a joint development session to the IJB's partner agencies.

The Integration Joint Board Audit Committee noted the publication of the Reports, as outlined in Section 2.2 of the Report.

## **8. 2017/18 AND 2018/19 INTERNAL AUDIT PLAN – PROGRESS REPORT**

With reference to Article 4 of the minute of meeting of this Committee of 29 August 2018, there was submitted Report No IJB 66/18 by the Chief Finance Officer setting out the progress towards the completion of the 2017/18 Internal Audit Plan and progress towards the delivery of the 2018/19 Internal Audit Plan.

Appendix 1 to the Report attached the Angus IJB's Internal Auditor's progress report on both the 2017/18 Internal Audit Plan and the 2018/19 Internal Audit Plan. An equivalent report would be produced routinely for all Audit Committee meetings describing progress with Internal Audit Plans.

The Chief Internal Auditor provided an overview of the progress made in terms of the Internal Audits for 2017/18.

The Integration Joint Board Audit Committee agreed to note the provisional Internal Audit Progress Report, as outlined in the Appendix 1 to the Report.

## **9. INTERNAL AUDIT REPORTS – FOLLOW UP ACTIONS**

With reference to Article 8 of the minute of meeting of this Committee of 29 August 2018, there was submitted Report No IJB 99/18 by the Chief Finance Officer updating members regarding the Integration Joint Board's (IJB) progress with meeting the recommendations of Internal Audit reports.

The Report indicated that on a regular basis the Integration Joint Board's Audit Committee received Internal Audit final reports setting out the findings of agreed Internal Audits. Many of these reports had recommendations for improvements and that final versions of Reports would have agreed "management responses" to those recommendations of the Internal Auditors.

The latest Internal Audit Follow Up summary was attached as an Appendix to the Report. The list contained "recommendations" from the 2016/17 and 2017/18 Audits (where they had not already been superseded) and set out the agreed management responses, lead officers, due date and information about status to date with reference to the "due date" and provided brief commentary on the current status. Status updates were provided by Lead Officers and collated in the period prior to an Audit Committee. Actions that were "complete" would be reported for two successive Audit Committees to provide context.

The Report would be provided on a routine basis going forward and would augment other reports that document progress with overall governance issues. Updates in terms of AN06/17 – Performance Management and AN07/18 – Financial Management were outlined in the Report.

The Chair highlighted the challenges in terms of AN06/17, in particular recommendation 3 of the Appendix. The Chief Finance Officer intimated that the overall framework for Hosted Services required to be improved and that an agreed service performance indicators for all services, including hosted services, was now collecting the baseline data. He also confirmed that separate work was underway to review hosting arrangements for Primary Care.

The Integration Joint Board Audit Committee agreed to note the Report and the progress made to date in terms of delivering the planned outcomes.

## **10. INTERNAL AUDIT – GOVERNANCE MAPPING REPORT**

There was submitted Report No IJB 100/18 by the Chief Finance Officer updating members on the outcomes of the Internal Audit report regarding Governance Mapping.

The Report indicated that as part of the IJB's overall Internal Audit Plan for 2017/18 it was agreed to undertake a review of the Integration Joint Board's (IJB's) capacity to implement its strategic priorities and effect service change, as well as the governance oversight of these processes.

The Governance Mapping review had now been completed by the IJB's Internal Auditors and the outcomes of the review was attached as Appendix 1 to the Report. The audit had been graded as a "C" – adequate. The IJB Management team felt that the grading of the Internal Audit reflected the status of the IJB after the first two years of its development. The Audit Report set out recommendations to help improve the IJB's internal management and governance arrangements going forward and the action plan responding to these recommendation was attached as Appendix 2 to the Report.

The Chief Internal Auditor provided an informative update and having heard from the Chief Finance Officer who welcomed the Internal Audit – Governance Mapping (Report AN06/18) Implementation Plan 2018 but also highlighted that there was considerable work to be undertaken and that this would take time to progress and action.

The Integration Joint Board Audit Committee agreed:-

- (i) to note the Internal Audit report regarding Governance Mapping;
- (ii) to approve the associated management response/action; and

(iii) to note the development of the associated implementation plan and its contents.

#### **11. INTERNAL AUDIT – WORKFORCE OPTIMISATION DRAFT REPORT**

With reference to Article 10 of the minute of meeting of 29 August 2018, there was submitted Report No IJB 101/18 by the Chief Finance Officer updating members on the draft outcomes of the Internal Audit report regarding Workforce Optimisation.

The Report indicated that as part of the IJB's overall Internal Audit Plan for 2018/19 it was agreed to undertake a Workforce Optimisation audit. Attached as Appendix 1 to the Report was the draft outcome of the Internal Audit AN06/19. The audit report had provisionally graded the IJB as a 'C' (Adequate) for its current arrangements.

Most Internal Audits contained a series of Internal Audit recommendations and related management responses. Whilst the Report was not yet finalised, partly due to the additional need to agree actions with Partner Human Resource departments, it was important to note that the IJB had already developed Management Responses for two of the actions as outlined in Section 2.3 of the Report.

Having heard from the Chief Internal Auditor who provided an update and in particular highlighted Findings 34, 35 and 36 of the Report, the Integration Joint Board Audit Committee agreed:-

- (i) to note the draft Internal Audit report regarding Workforce Optimisation; and
- (ii) to note the planned management responses that had already been developed.

#### **12. DATE OF NEXT MEETING**

It was noted that the next meeting of the Angus Health and Social Care Integration Joint Board Audit Committee would be held on Wednesday 24 April 2019 at 12 noon in the Committee Room, Town and County Hall, Forfar.

#### **13. VALEDICTORY**

Members noted that this would be David Barrowman's final meeting as he was to retire on 31 December 2018. David was thanked for his support, commitment and dedication as a member of the Audit Committee.