

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

ABERDEEN, 11 April 2017. Minute of Meeting of the AUDIT AND PERFORMANCE SYSTEMS COMMITTEE. Present:- Professor Mike Greaves (NHS Grampian (NHSG)) Chairperson; and Councillor Ironside CBE and Amy Anderson (NHSG, as substitute for Rhona Atkinson).

Also in attendance: Judith Proctor (Chief Officer, Aberdeen City Health and Social Care Partnership (ACHSCP)), Alex Stephen (Chief Finance Officer, ACHSCP), Kevin Toshney (Acting Head of Strategy and Transformation, ACHSCP), Sarah Gibbon (Executive Assistant, ACHSCP), David Hughes (Internal Audit), Iain Robertson (Clerk, Aberdeen City Council (ACC)) and Alan Thomson (Legal Services, ACC).

Apologies: Rhona Atkinson.

OPENING REMARKS

1. The Chair opened the meeting and welcomed Dame Anne Begg who was present to observe the meeting as she had recently been appointed to the Moray IJB. He also introduced Amy Anderson who was substituting for Rhona Atkinson at today's meeting. The Chair referred to the Board Assurance Framework and highlighted Section 1.3 which noted that the Framework should be reviewed at the end of the initial period following the go live date in April 2016 and suggested that the Executive Team conduct this review and report back to the next meeting of the Committee.

Councillor Ironside asked about the composition of IJB committees after the Local Government elections in May 2017, to which Judith Proctor (Chief Officer, ACHSCP) advised that committee membership would be reviewed following the elections with the aim of appointing the most appropriate Board members to the APS and Clinical and Care Governance committees.

The Committee resolved:-

- (i) to instruct the Executive Team to undertake a review of the Board Assurance Framework and report back to the Committee's next meeting on 20 June 2017; and
- (ii) otherwise note the information provided.

MEMBERS ARE REQUESTED TO INTIMATE ANY DECLARATIONS OF INTEREST

2. The Committee were requested to intimate any declarations of interest.

The Committee resolved:-

To note that no declarations of interest were intimated at this time for items on today's agenda.

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

11 April 2017

MEMBERS ARE REQUESTED TO DETERMINE THAT ANY EXEMPT BUSINESS BE CONSIDERED WITH THE PRESS AND PUBLIC EXCLUDED

3. The Chair proposed that all Committee business on today's agenda be considered with the public and press in attendance.

The Board resolved:-

To agree that all Committee business on today's agenda be open to the public and press.

MINUTE OF PREVIOUS MEETING - 28 FEBRUARY 2017

4. The Committee had before it the minute of the previous meeting of 28 February 2017.

The Committee resolved:-

To approve the minute as a correct record.

PROPOSED REVISION TO MEETING SCHEDULE

5. The Committee had before it a report by the Clerk which sought approval to revise the 2017-18 Committee meeting schedule to take account of the IJB's decision to arrange an annual IJB budget meeting on 6 February 2018 which conflicted with a Committee meeting date.

The report recommended:-

That the Committee agree the revised schedule attached as Appendix A.

The Clerk proposed that the APS Committee meeting date originally scheduled for 6 February 2018 be moved back a week to 13 February 2018 to avoid a scheduling conflict with the IJB Budget meeting.

The Committee resolved:-

To agree the revised schedule attached as Appendix A.

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

11 April 2017

REVIEW OF FINANCIAL GOVERNANCE

6. The Committee had before it a report by Alex Stephen (Chief Finance Officer, ACHSCP) which outlined the results of the review undertaken by the Executive Team against financial governance requirements contained in the Chartered Institute of Public Finance and Accountancy (CIPFA)'s statement on the Role of the Chief Financial Officer in Local Government (2016).

The report recommended:-

That the Committee note the content of the report and comment on the accompanying results of the Executive Team review.

Alex Stephen explained that the Executive Team had conducted a review of the Board's financial governance arrangements against the CIPFA principles outlined in the Role of the Chief Finance Officer (CFO) in Local Government (2016). He advised that evidence of adherence to these principles had been requested during the 2015/16 audit of the final accounts, and noted that areas in need of further development had also been identified. Thereafter Mr Stephen talked the Committee through each of the CIPFA principles:

With reference to principle 1, Mr Stephen highlighted the leadership role of the CFO through membership of the Executive Team and the IJB as a non-voting member. He explained that it was the intention of the Executive Team to consolidate all relevant documentation into a governance action plan which would be presented to the IJB for approval, with a recommendation that responsibility for monitoring be delegated to this Committee. Mr Stephen set out his responsibilities, in addition to his role as CFO and noted that in these areas he largely provided an oversight function as operational control was exercised by Partnership colleagues. He confirmed that the financial skillset of the Executive Team was satisfactory but anticipated that financial training will be provided to colleagues involved in the locality planning once the localities management structures are more developed. Mr Stephen highlighted the representativeness of the IJB, as it included partners from across the public and third/independent sectors; as well as service users and carer representatives. He also summarised the monitoring arrangements in place between the Partnership and Bon Accord Care;

With reference to principle 2, Mr Stephen provided an overview of the business and financial planning process and pointed to the successful approach adopted by the Partnership towards the IJB budget which included the scheduling of workshop sessions and financial briefings prior to the budget meeting which enhanced the Board's decision making capacity and led to the unanimous agreement of the IJB budget in March 2017. He explained that in line with the IJB Budget Protocol, a similar approach would be adopted next year as a special budget meeting had been scheduled and there would be greater focus on strategic items such as the transformation agenda. Thereafter Mr Stephen provided a summary of how the Board issued Directions to its

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

11 April 2017

partners, particularly in relation to procurement; and he explained that ACC and NHSG had responsibility for treasury management as the Partnership did not have a bank account;

With reference to principle 3, Mr Stephen highlighted that Internal Audit would prepare an annual report and statement on the internal control system adopted by the IJB and its partners on the management and safeguarding of public money. He advised that further assurance had been provided through the publication of IJB/APS Committee papers on the Partnership's website; and noted that IJB and Committee meetings were open to the public and press. The Chief Officer added that the Annual Governance Statement would also be publicly available and the Executive Team would look at how the Statement could be presented in a user friendly format. She further noted that the review of the Board Assurance Framework and the ongoing work of the Good Governance Institute would provide additional assurance in this area;

With reference to principle 4, Mr Stephen advised that the CFO had no line management responsibilities for ACC or NHSG finance staff and it was incumbent on both partners to provide resource and capacity to support the Partnership's functions; and

With reference to principle 5, Mr Stephen summarised his professional qualifications and experience which enabled him to satisfy the requirements of the CFO job profile. He also pointed to the Partnership's robust recruitment process which led to his appointment.

Thereafter there were questions on the best way to communicate the Board's Annual Governance Statement to the public; and the level of support the CFO had received from colleagues within and out with the Partnership.

The Committee resolved:-

- (i) to request that the Executive Team look at how the Annual Governance Statement could be presented in a user friendly format;
- (ii) to instruct the Clerk to circulate the review of the IJB's financial governance arrangements to all IJB members for information; and
- (iii) otherwise note the report.

LOCAL CODE OF GOVERNANCE

7. The Committee had before it a report by Alex Stephen that outlined the sources of assurances used to measure the effectiveness of the governance principles contained in the CIPFA/Society of Local Authority Chief Executive (SOLACE) *Delivering*

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

11 April 2017

Good Governance in Local Government: Framework document. The report also proposed the establishment of a local code of corporate governance for the IJB.

The report recommended:-

That the Committee approve the use of sources of assurance, listed in Appendix 1, the local code of governance, and the governance principles, against which the IJB would measure itself in Annual Governance Statements from 2016-17 onwards.

Alex Stephen explained that the sources of assurance had been provided to measure effectiveness against the CIPFA principles of good governance and highlighted that ACC had adopted a similar approach which would support strategic alignment. He noted that a number of corporate documents were still being developed and these would provide further assurance on the Board's governance arrangements.

Thereafter members enquired if the NHSG elements of the local code of corporate governance and sources of assurance had been overseen by an NHSG colleague. Mr Stephen confirmed that the Assistant Director of Finance had provided this oversight.

The Committee resolved:-

To approve the use of sources of assurance, listed in Appendix 1, the local code of governance, and the governance principles, against which the IJB would measure itself in Annual Governance Statements from 2016-17 onwards.

ANNUAL GOVERNANCE STATEMENT

8. The Committee had before it a report by Alex Stephen which provided the Committee with an opportunity to comment on and approve in principle the annual governance statement. The report also requested that the Committee provide assurances to Aberdeen City Council and NHS Grampian on the governance framework.

The report recommended:-

That the Committee –

(a) Comment on the draft annual governance statement, as set out in Appendix 1,

Additionally, on the proviso that no significant weaknesses impacting on the IJB's governance framework are identified in the assurances received by Aberdeen City Council, NHS Grampian and the IJB's internal auditors:

(b) Delegate authority to the Chief Finance Officer to complete the governance statement and provide responses to Aberdeen City Council and NHS Grampian that

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

11 April 2017

reasonable assurance can be placed upon the adequacy and effectiveness of the Aberdeen City IJB's systems of governance.

Alex Stephen advised that the Governance Statement would be produced annually and performance would be measured against CIPFA's principles of good governance. He explained that there was a degree of complexity in receiving and providing assurance on IJB governance as any significant IJB governance issues may need to be reflected in ACC and NHSG governance statements; similarly the IJBs reliance on some of ACC and NHSG policies and procedures may require any significant weaknesses identified in their controls to be reflected in the IJB's governance statement. Thereafter the Committee discussed whether more explicit reference could be made to the Partnership's transformation agenda and if these could be aligned with the CIPFA principles. The Chief Officer highlighted that transformation was cited in Principle 3 and Principle 5 but noted that the Executive Team would be happy to look at this again to provide additional assurance.

The Chair noted that the Governance Statement was well constructed and no significant weaknesses had been identified by the Committee. He advised that at this stage the Committee was duly assured on the robustness of the IJB's governance arrangements and thanked Mr Stephen for his work in producing all the financial and governance documents presented at today's meeting.

The Committee resolved:-

- (i) to delegate authority to the Chief Finance Officer to complete the governance statement and provide responses to Aberdeen City Council and NHS Grampian that reasonable assurance can be placed upon the adequacy and effectiveness of the Aberdeen City IJB's systems of governance;
- (ii) to thank Alex Stephen for his work in preparing the financial and governance documentation; and
- (iii) otherwise note the report.

INTERNAL AUDIT PLAN 2017-18

9. The Committee had before it a report by David Hughes (Internal Audit) which sought approval of the Internal Audit Plan for the Aberdeen City IJB for 2017-18.

The report recommended:-

That Committee approve the Internal Audit Plan for 2017-18.

David Hughes spoke to the report and advised that the Internal Audit Plan was proportionate and in line with the light touch approach adopted by internal auditors across Scotland with regards to IJBs. Mr Hughes noted he would receive assurance on

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

11 April 2017

the robustness of IJB governance through receipt of IJB papers and attendance at Board and Committee meetings; as well as work undertaken by ACC and NHSG internal auditors. He added that this assurance would support the development of Internal Audit's financial control statement.

Thereafter the Committee discussed the development of governance arrangements for hosted services and the Chief Officer explained that a Pan-Grampian agreement on a framework for hosted services was being discussed. She confirmed that a workshop session on hosted services would be added to the Developmental Timetable.

The Committee resolved:-

- (i) to approve the Internal Audit Plan for 2017-18; and
- (ii) to request that a workshop session on Hosted Services be added to the Developmental Timetable.

PROFESSOR MIKE GREAVES, Chairperson.

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE
11 April 2017