

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

ABERDEEN, 20 June 2017. Minute of Meeting of the AUDIT AND PERFORMANCE SYSTEMS COMMITTEE. Present:- Professor Mike Greaves (NHS Grampian (NHSG)) Chairperson; Rhona Atkinson (NHSG); and Councillors Cooke and Duncan.

Also in attendance: Councillor Samarai and Jonathan Passmore MBE (IJB members), Alex Stephen (Chief Finance Officer, Aberdeen City Health and Social Care Partnership (ACHSCP)), Tom Cowan (Head of Operations, ACHSCP), David Hughes (Internal Audit), Lorraine McKenna (Business Manager, ACHSCP), Jimmie Dickie (Finance, Aberdeen City Council (ACC)), Gillian Parkin (Finance, NHSG) and Iain Robertson (Clerk, ACC).

Apologies: Judith Proctor (Chief Officer, ACHSCP).

OPENING REMARKS

1. The Chair opened the meeting and welcomed Councillors Cooke and Duncan onto the Committee and advised he looked forward to receiving their expertise to support the work of the Committee.

The Committee resolved:-

To welcome Councillors Cooke and Duncan onto the Committee.

MEMBERS ARE REQUESTED TO INTIMATE ANY DECLARATIONS OF INTEREST

2. Members 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.

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 Committee resolved:-

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

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MINUTE OF THE PREVIOUS MEETING - 11 APRIL 2017

4. The Committee had before it the minute of the previous meeting of 11 April 2017.

The Committee resolved:-

To approve the minute as a correct record.

IJB COMPLAINTS HANDLING PROCEDURE

5. The Committee had before it a report by Lorraine McKenna (Business Manager, ACHSCP) which outlined a joint complaints handling procedure (CHP) for the Aberdeen City IJB. The procedure introduced a standardised procedure to handling complaints which complied with Scottish Public Services Ombudsman's (SPSO) guidance on a model complaints handling procedure.

The report recommended:-

That the Committee –

- a) Approve the Aberdeen City Integration Board's Complaints Handling Procedure as outlined in appendix A; and
- b) Instruct officers to submit the compliance statement and self-assessment in appendix B to SPSO before the 3rd of July.

Lorraine McKenna advised that IJBs were required to produce a CHP that complied with the SPSO's guidance on a model complaints handling procedure. She explained that the CHP had set out governance arrangements, administration, timescales and decision making processes and noted that the IJB was required to submit a Compliance Statement and Self-Assessment to the SPSO by 3 July 2017, following which the SPSO would advise on whether further amendments would be needed. Ms McKenna confirmed that the final CHP would be uploaded onto the Partnership's website for public inspection.

Thereafter there were questions on the scope of the CHP and guidance to service users who may want to complain about services provided by one of the IJB's partner organisations; how complaints about senior Partnership staff would be handled; the complaints procedure for on the spot resolutions, the responsibility for signing off IJB complaints; and arrangements for the complaints process and performance to be monitored by the Committee.

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The Committee resolved:-

- (i) to request further clarity to enable service users to use the appropriate route when complaining about services provided on behalf of the IJB by Aberdeen City Council and NHS Grampian;
- (ii) to request further information on how complaints about senior Partnership officers would be handled;
- (iii) to request that a performance report on IJB complaint handling be presented to the Committee on a bi-annual basis;
- (iv) to instruct officers to seek guidance from the SPSO on protocols for signing off IJB complaints; and
- (v) to instruct the Partnership's Business Manager to circulate a revised version to Committee members for comment and approval ahead of submission to the SPSO by 3 July 2017.

REVISED BOARD ASSURANCE AND ESCALATION FRAMEWORK

6. The Committee had before it a report by Alex Stephen (Chief Finance Officer, ACHSCP) that presented the revised Board Assurance and Escalation Framework (BAEF) for approval.

The report recommended:-

That the Committee -

- a) Comment on the revised BAEF, as in appendix A; and
- b) Recommend the revised BAEF be approved by the Integration Joint Board.

Alex Stephen advised that the Executive Team had recently reviewed the BAEF following the Committee's first year of operation and noted that the Framework had been updated to compliment the IJB's Local Code of Governance which had been agreed at the Committee's previous meeting. Mr Stephen explained that the BAEF set out reporting arrangements for the Corporate Risk Register and the formal cycle of business in relation to performance, risk and financial management. He added that a key aim of the BAEF was to reduce the duplication of reporting between the IJB and its committees and highlighted that committees had remits which aimed to strengthen the IJB's governance arrangements to enable the Board to focus on effecting transformational change.

Thereafter the Committee highlighted the importance of preparing a framework that was contextual and easy to read to make the IJB more transparent in order to increase public engagement. Members suggested a number of changes that could be made to support this aim and requested that a revised version be presented to the Committee's next meeting.

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The Committee resolved:-

- (i) to request that references to the Corporate and Operational Risk Registers be standardised or differentiated where appropriate within IJB reports and governance documents;
- (ii) to request that the Chief Finance Officer liaise with Councillor Cooke to receive feedback on the BAEF; and
- (iii) to instruct the Chief Finance Officer to present a revised version of the BAEF to the Committee's next meeting on 21 August 2017.

INTERNAL AUDIT REPORT

7. The Committee had before it a report by David Hughes (Chief Internal Auditor) which provided Internal Audit's Annual Report and Internal Financial Control Statement for 2016/17.

The report recommended:-

That the Committee –

- a) Note the Internal Financial Control Statement for 2016/17;
- b) Note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit;
- c) Note that there has been limitation to the scope of Internal Audit work during 2016/17; and
- d) Note that no self-assessment has been undertaken as required by the Public Sector Internal Audit Standards as an external assessment is being completed by KPMG which will be reported to Aberdeen City Council's Audit, Risk and Scrutiny Committee.

David Hughes advised Internal Audit could provide reasonable assurance on the IJB's internal control system. He explained that he was obliged to confirm the independence of the IJB's internal auditors and as Chief Internal Auditor he took the opportunity to do so. Mr Hughes highlighted the limitations on Internal Audit and this largely centred on the lack of access to ACC's Care First System but informed the Committee that Internal Audit had recently reached an agreement with the Council on this issue and he was now sufficiently satisfied to advise that this limitation would no longer be included in future reports. He also noted that internal auditors were required to undertake an annual self-assessment with a periodic external assessment carried out. This would be conducted by KPMG in relation to 2016-17 and their findings were due to be reported to the Council's Audit, Risk and Scrutiny Committee on 26 September 2017.

Thereafter there were questions on Internal Audit's access to the Care First System; and the scope of Internal Audit's remit, with a particular focus on its access to NHSG

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data. The Committee also discussed how audit committee meetings of the IJB and its partner organisations could be streamlined to better co-ordinate Internal Audit's reporting arrangements.

The Committee resolved:-

- (i) to note the Internal Financial Control Statement for 2016/17;
- (ii) to note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit;
- (iii) to note that there had been limitation to the scope of Internal Audit work during 2016/17;
- (iv) to note that no self-assessment had been undertaken as required by the Public Sector Internal Audit Standards as an external assessment was being completed by KPMG which would be reported to Aberdeen City Council's Audit, Risk and Scrutiny Committee; and
- (v) to request that Partnership officers liaise with colleagues from ACC and NHSG to co-ordinate the scheduling of their respective audit committees to support a more streamlined reporting process.

FINANCE UPDATE

8. The Committee had before it a report by Alex Stephen which: (1) summarised the current year revenue budget performance for the services within the remit of the Integrated Joint Board for the period to end March 2017; (2) advised on any areas of risk and management action relating to the revenue budget performance of the Integrated Joint Board (IJB) services; and (3) requested approval of budget virements so that budgets are more closely aligned to anticipated income and expenditure.

The report recommended:-

That the Committee –

- (a) Note this report in relation to the IJB budget and the information on areas of risk and management action that are contained herein;
- (b) Note that the Executive Team are reviewing this position in conjunction with the 2017/18 budget to determine any shortfalls or additional funds available as a result of the outturn position; and
- (c) Note the virements identified in Appendix E.

Alex Stephen advised that the Board was in a more favourable financial position than anticipated due to a receipt of additional income and a reduction in primary care and prescribing costs. Mr Stephen provided assurance on the robustness of the Partnership's financial system and explained that the Executive Team had been challenging budget holders within the Partnership to learn lessons from the previous year to identify additional areas where efficiencies could be made. He added that the

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format of the financial report was currently being reviewed by the Executive Team to provide clearer links with IJB Directions and this would be presented to the Committee in due course.

Thereafter there were questions on historical issues relating to unmet budget reductions; budget lines and movements relating to Locums; the level of in-house client contributions; the anticipated overspend on prescribing due to factors such as Sterling's exchange rate; the level of underspend due to staff vacancies; the likelihood of further budgetary clawbacks; the use of Transformation Funding to achieve efficiency savings; the expected number of recurring virements; and the Board's accumulation of reserves and strategy to utilise these funds.

The Committee resolved:-

- (i) to note the report in relation to the IJB budget and the information on areas of risk and management action that are contained therein;
- (ii) to note that the Executive Team are reviewing this position in conjunction with the 2017/18 budget to determine any shortfalls or additional funds available as a result of the outturn position;
- (iii) to note the virements identified in Appendix E and to further note that the virements would be presented to the IJB meeting on 15 August 2017 for approval; and
- (iv) to instruct the Clerk to circulate slides to Councillors Cooke and Duncan from the IJB's Prescribing Workshop session held on 7 March 2017.

UNAUDITED FINAL ACCOUNTS 2016/17

9. The Committee had before it a report by Alex Stephen which provided the Committee with an opportunity to review and comment on the unaudited final accounts for 2016/17.

The report recommended:-

That Committee -

- a) Consider and comment of the Integration Joint Board's Unaudited Accounts for 2016/17;
- b) Note the revised Annual Governance Statement and assurances provided from NHS Grampian, Aberdeen City Council and the internal auditors; and
- c) Agree to bring forward the Committee's meeting date on 12 September 2017 to 21 August to ensure that the IJB annual accounts can be agreed and submitted in a timely manner to partner organisations.

Alex Stephen advised that in drafting the accounts he had closely followed the CIPFA template, and outlined his hope that auditors across Scotland could liaise on a standard

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way to audit IJB accounts particularly as these were the first set of annual accounts to be audited. He advised that changes to the Annual Governance Statement may have to be made as new information became available and he highlighted the Partnership's responsibility for operating Kingsmead Nursing Home as an example of a recent addition to the Statement.

Thereafter there was discussion on whether the Management Commentary could be interpreted from a political perspective; and questions on the parameters of significant market failure within the social care market; and the Partnership's source for demographic information contained within the Management Commentary.

The Committee resolved:-

- (i) to revise Jonathan Passmore's term as Vice Chairperson on page 127 to read *April 2016 to December 2016*;
- (ii) to request that officers in consultation with the Chairperson of the IJB, review references to potential risks to the IJB if additional funding from the Scottish Government was not made available in future years on page 121;
- (iii) to note the revised Annual Governance Statement and assurances provided from NHS Grampian, Aberdeen City Council and the internal auditors; and
- (iv) to agree to bring forward the Committee's meeting date on 12 September 2017 to 21 August to ensure that the IJB annual accounts can be agreed and submitted in a timely manner to partner organisations.

PROFESSOR MIKE GREAVES, Chairperson.

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