

AUDIT AND PERFORMANCE SYSTEMS COMMITTEE

ABERDEEN, 10 April 2018. Minute of Meeting of the AUDIT AND PERFORMANCE SYSTEMS COMMITTEE. Present:- Rhona Atkinson (NHS Grampian (NHSG)) Chairperson; and Councillors Duncan and Imrie (present due to vacancy); and Luan Grugeon (NHSG).

Also in attendance: Sally Shaw (interim Chief Officer, (Aberdeen City Health and Social Care Partnership (ACHSCP)), Alex Stephen (Chief Finance Officer, ACHSCP), Martin Allan (Business Manager, ACHSCP), Sarah Gibbon (Executive Assistant, ACHSCP), Alan Thomson (Governance, Aberdeen City Council (ACC)), Sandra Buthlay and Jimmie Dickie (Finance, ACC) (All present for agenda items 1-10); and Iain Robertson (Governance, ACC) David Hughes (Internal Audit) and Andy Shaw (External Audit).

Apologies: Judith Proctor and Angela Scott.

OPENING REMARKS

1. The Chair opened the meeting and the Clerk advised that apologies had been received from Judith Proctor and Angela Scott.

The Committee resolved:-

To note the apologies.

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.

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

3. The Committee was asked to determine any exempt or confidential business.

The Chair proposed to consider item 11 (Private Meeting with Internal and External Audit) as exempt business.

The Committee resolved:-

In terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting during consideration of the aforementioned item

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of business so as to avoid disclosure of exempt information of the classes described in paragraph 1 of Schedule 7(A) of the Act.

MINUTE OF PREVIOUS MEETING - 2 MARCH 2018

4. The Committee had before it the minute of the previous meeting of 2 March 2018.

In reference to item 5 (Risk Register Review) Councillor Duncan asked how actions were tracked, Alex Stephen (Chief Finance Officer, ACHSCP) advised that the Partnership maintained a report tracker and these actions were due to be considered at the risk management workshop on 24 April and at the next IJB meeting on 22 May 2018; and

In reference to item 11 (Transformation Progress), Luan Grugeon asked if the Partnership had been reviewing governance arrangements whilst transformation projects were being upscaled, Mr Stephen confirmed that governance was taken into account and the Partnership had mechanisms in place to monitor the pace of change.

The Committee resolved:-

- (i) to approve the minute as a correct record;
- (ii) to request a deep dive session on the governance arrangements for transformation projects; and
- (iii) otherwise note the information provided.

LOCAL CODE OF GOVERNANCE

5. The Committee had before it a report by the Chief Finance Officer which reviewed the local code of corporate governance for the IJB as agreed by Audit & Performance Systems Committee on 11 April 2017 and allowed the Committee to comment on the sources of assurances used to measure the effectiveness of the governance principles contained in the CIPFA\SOLACE¹ *'Delivering Good Governance in Local Government: Framework'* document.

The report recommended:-

That the Committee approve the use of the sources of assurance, listed in appendix 1, and review the local code of governance.

Alex Stephen (Chief Finance Officer, ACHSCP) advised that the IJB code of governance had adopted the agreed ACC framework and provided an overview of the

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sources of assurance outlined in Appendix 1. He explained that IJB accounts would be finalised during the week commencing 16 April 2018.

Thereafter there were questions and comments on (1) how the IJB local code of governance linked in with the NHSG Professional Governance Framework; and (2) Mr Stephen advised that production of a final document would be dependent on ACC and NHSG as IJB accounts were included within both of its partners accounts.

The Committee resolved:-

- (i) to approve the use of the sources of assurance listed in Appendix 1, subject to these being updated and circulated, and to note the local code of governance; and
- (ii) to request a review of the reporting schedule for the IJB Local Code of Governance programme to ensure that a streamlined approach could be adopted during the 2018-19 financial year.

REVIEW OF FINANCIAL GOVERNANCE ARRANGEMENTS

6. The Committee had before it a report by the Chief Finance Officer which provided 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 contained in Appendix 1.

Alex Stephen advised that the review had been based on a recommendation from the Board's previous external auditor, to provide financial assurance to the Committee using the principles set out in the Role of Chief Finance Officers in Local Government guidance prepared by CIPFA. He then provided an oversight of significant changes made during the year and highlighted areas of future work.

Thereafter there were questions and comments on (1) the process for embedding financial consequences in person specifications and appraisals; (2) the financial challenges related to locality planning and where a manager from one partner managed another partner's budget; and (3) members sought assurance that managers and budget holders had sufficient financial skills to carry out their roles effectively, Mr Stephen confirmed that he had no significant concerns in this regard as staff had received training and were generally knowledgeable and experienced.

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The Committee resolved:-

- (i) to request that consideration be given to simply stating where principles do not apply to IJBs such as treasury management within principle 3; and
- (ii) otherwise note the content of the report and comment on the accompanying results of the Executive team review contained in Appendix 1.

GOVERNANCE STATEMENT

7. The Committee had before it a report by the Chief Finance Officer which (1) provided the Committee with the opportunity to provide comment on and approve in principle, the annual governance statement; and (2) requested agreement that assurances on the government framework could be provided to Aberdeen City Council and NHS Grampian.

The report recommended:-

That the Committee –

- (a) Comment on the draft annual governance statement, as set out in appendix 1; and
- (b) 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: Instruct 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 Integration Joint Board's systems of governance.

Alex Stephen advised that last year's formatting had been retained but additional improvement activity had been included to reflect the Board's second full year of operation. Mr Stephen provided an overview of the IJB scheme of governance and noted that an action plan was in place to monitor implementation. He added that additional sources of assurance would be provided by ACC and NHSG following approval of their annual governance statements and explained that if any significant changes had been made, these items would be brought back to the Committee for further consideration.

Thereafter there were questions and comments on (1) the possibility of referring to the Fairer Scotland Duty within the action plan; (2) the list of improvement actions, with particular focus on the review of risk registers; and (3) the importance of not losing focus on person centred care at a local level in search of achieving national metrics and targets.

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The Committee resolved:-

- (i) to request that reference be made to the Fairer Scotland Duty within the action plan; and
- (ii) otherwise instruct the Chief Finance Officer to complete the governance statement and provide responses to Aberdeen City Council and NHS Grampian that reasonable assurance could be placed upon the adequacy and effectiveness of the Aberdeen City Integration Joint Board's systems of governance.

INTERNAL AUDIT ANNUAL REPORT

8. The Committee had before it a report by David Hughes (Chief Internal Auditor) which provided the Committee with Internal Audit's Annual Report and Internal Financial Control Statement for 2017/18.

The report recommended:-

That the Committee -

- (a) Note the Internal Financial Control Statement for 2017/18;
- (b) Note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit;
- (c) Note that there has been no limitation to the scope of Internal Audit work during 2017/18;
- (d) Note that an external review of Internal Audit was completed by KPMG and the outcome from that was reported to Aberdeen City Council's Audit, Risk and Scrutiny Committee; and
- (e) Note the progress that IJB management has made with implementing recommendations agreed in Internal Audit reports relating to the IJB.

David Hughes advised that Internal Audit had assessed the IJB's governance, financial and risk management frameworks and found that reasonable assurance could be placed on the adequacy and effectiveness of the Board's internal control system. He explained that a number of recommendations for improvement had been made and referred members' attention to appendix 2 of the report. Mr Hughes concluded by confirming the independence of Internal Audit and noting that its scope had not been limited during 2017-18.

The Chair thanked Mr Hughes for his report and reiterated the importance of a having a robust and reliable internal audit function, as well as having a Committee that would listen to concerns and act on recommendations for improvement.

Thereafter members discussed Internal Audit's oversight of IJB partnership working, to which Mr Hughes advised that Internal Audit did not have full access to relevant

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information as they were not NHS Grampian's internal auditor. The Chair confirmed that NHS Grampian's internal audit plan for 2018-19 had been approved last week (week commencing 2 April 2018).

The Committee resolved:-

- (i) to note the Internal Financial Control Statement for 2017/18;
- (ii) to note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit;
- (iii) to note that there has been no limitation to the scope of Internal Audit work during 2017/18;
- (iv) to note that an external review of Internal Audit was completed by KPMG and the outcome from that was reported to Aberdeen City Council's Audit, Risk and Scrutiny Committee; and
- (v) to note the progress that IJB management has made with implementing recommendations agreed in Internal Audit reports relating to the IJB.

INTERNAL AUDIT PLAN

9. The Committee had before it a report by David Hughes which sought approval of the Internal Audit Plan for the Aberdeen City Integration Joint Board for 2018/19.

The report recommended:-

That the Committee approve the Internal Audit plan for 2018/19.

David Hughes presented the Internal Audit Plan for 2018-19 and advised that areas of intended scrutiny had been based on discussions with management and a review of risk and governance documents. He noted that the adult social care element of the Plan had been approved by the Council's Audit, Risk and Scrutiny Committee on 22 February 2018.

Thereafter there were questions and comments on (1) risks relating to hosted services; (2) how audit areas were selected by Internal Audit; and (3) the ongoing review of the Strategic Risk Register and whether there was scope to change areas of intended scrutiny throughout the year. Mr Hughes confirmed there was such scope, and pointed out that internal audit work would not commence until the second quarter of the financial year.

The Committee resolved:-

- (i) to approve the Internal Audit plan for 2018/19; and
- (ii) to request that risks relating to hosted services be reviewed at the IJB Workshop on 24 April 2018.

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INTERNAL AUDIT REPORT - FINANCIAL ASSESSMENTS

10. The Committee had before it a report by David Hughes which presented the outcome from the planned audit of Financial Assessments that was included in the 2017/18 Internal Audit Plan for Aberdeen City Council.

The report recommended:-

That the Committee review, discuss and comment on the issues raised within this report.

David Hughes advised that the objective of the audit was to determine whether assurance arrangements were in place to undertake financial assessments for fees charged and services provided by the Partnership. Internal Audit found that this was the case in general, though a number of recommendations were made for improvement with regards to the quality assurance process. He added that Management had accepted all Internal Audit recommendations.

Thereafter there were questions and comments on (1) the use of digital technology to improve accuracy and efficiency levels; (2) the ongoing workstream to increase the functionality of the Care First system; and (3) the importance of processing and storing personal information and data securely.

The Committee resolved:-

To note the report.

INTERNAL AUDIT REPORT - SOCIAL WORK PAYROLL

11. The Committee had before it a report by David Hughes which presented the outcome from the planned audit of Adult Social Work Payroll that was included in the 2017/18 Internal Audit Plan for Aberdeen City Council.

The report recommended:-

That the Committee review, discuss and comment on the issues raised within this report.

David Hughes advised that appropriate controls were in place but highlighted that areas of compliance could be strengthened with regards to authorised signatures, and a number of minor payment errors had been identified. He added that Management had accepted all recommendations for improvements made by Internal Audit.

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The Committee resolved:-

To note the report.

IN ACCORDANCE WITH THE DECISION RECORDED UNDER ARTICLE 3 OF THIS MINUTE, THE FOLLOWING ITEMS WERE CONSIDERED WITH THE PRESS AND PUBLIC EXCLUDED.

PRIVATE MEETING WITH INTERNAL AND EXTERNAL AUDIT

12. The Committee met in private session with the Partnership's internal and external auditors as per item 6.1 of the Committee's terms of reference.

The Committee resolved:-

- (i) to note the information provided; and
- (ii) to note that the Committee's next meeting with auditors was scheduled for 13 November 2018.

RHONA ATKINSON, Chairperson.

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