



## **AUDIT AND PERFORMANCE SYSTEMS COMMITTEE**

### **Minute of Meeting**

**28 February 2017**  
**Health Village, Aberdeen**

Present: Professor Mike Greaves (NHS Grampian (NHSG)) Chairperson; and Councillor Young (for items 1-9) and Rhona Atkinson (NHSG).

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), Gail Woodcock (Integrated Localities Programme Manager, ACHSCP) (all officers previously listed in attendance for items 1-9 only); and David Hughes (Internal Audit, for items 1-5 and 7-10), Andy Shaw (KPMG, External Audit) and Iain Robertson (Clerk, Aberdeen City Council (ACC)).

Apologies: Councillor Ironside CBE.

### **OPENING REMARKS**

1. The Chair opened the meeting and advised that this was the first Committee meeting to be held in public session as per standing order 10(4). He also referred to the terms of reference and welcomed progress made by the Committee in a short period of time against items contained therein.

#### **The Committee resolved:-**

To note the information provided.

### **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.

## **DETERMINATION OF EXEMPT BUSINESS**

3. The Chair proposed that item 8 (Committee Members Annual Meeting with IJB Auditors) on today's agenda be considered with the press and public excluded.

### **The Board 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 items 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 – 10 January 2017**

4. The Committee had before it the minute of the previous meeting of 10 January 2017.

### **The Committee resolved:-**

To approve the minute as a correct record.

## **CORPORATE RISK REGISTER**

5. The Committee had before it the Corporate Risk Register for information.

Judith Proctor (Chief Officer, ACHSCP) provided an update on the status of the Strategic Risk Register

With regards to item 1 (Market Failure), risk ratings were unchanged since the previous meeting but additional commentary had been added on how the Partnership would address risk;

With regards to item 2 (Financial Failure), the Committee was advised that the level of financial pressure from the prescribing budget was not as high as originally estimated and further detail would be provided at the IJB meeting on 7 March 2017. Committee members requested that officers review the reference to NHSG and ACC underwriting the IJB budget in year one within the Mitigating Actions section;

With regards to item 3 (IJB Failure to Function), the Chief Officer explained that the Scheme of Delegation was under review and would be aligned with the ACC scheme which was also being reviewed. She also noted that business cases for senior management posts were due to be submitted to the Council's Finance, Policy and Resources Committee;

With regards to item 4 (Hosted Services), the Chief Officer advised that meetings had been held with counterparts in Aberdeenshire and Moray health and social care partnerships to set out an agreed process on the provision and performance of hosted services, as well clarifying accountability for services delivered on behalf of another partnership. Committee members highlighted that further detail on the

robustness of the governance framework for hosted services should be added to this section in order for the Committee to be fully assured of hosted arrangements;

With regards to item 5 (Governance Arrangements), the Chief Officer noted that she met with Chief Executives from ACC and NHSG on a regular basis in her capacity as the Joint Accountable Officer and it was the intention of the Executive Team to present a budget protocol to the IJB meeting on 7 March 2017 for approval. The Chief Officer added that the performance management framework was taking shape and a reporting template had been agreed to ensure consistency of reporting. She informed the Committee that a biannual IJB progress report was presented to Full Council and would next be submitted to Council on 15 March 2017;

With regards to item 6 (Corporate Services), the Chief Officer explained that no revisions had been made since the previous meeting but noted that this section would be updated on a more regular basis as the Partnership matured as a corporate body;

With regards to item 7 (Failure to Meet Performance Standards), the Chief Officer advised that the Good Governance Institute had been supporting the Clinical and Care Governance Committee in this regard and an action plan had been developed. She added that performance reporting would adhere to Intelligent Board Principles and this was welcomed by Committee members as an efficient way to do business and report performance;

With regards to item 8 (Reputational Damage), the Chief Officer highlighted that a communications strategy and action plan were in place and further steps were being taken to strengthen engagement with middle management;

With regards to item 9 (Failure to Deliver Transformation), the Chief Officer explained that recruitment was ongoing to fill senior and key project and programme management posts. She noted that the IJB workshop scheduled for 7 March 2017 would provide further detail on the transformation programme; and

With regards to item 10 (Locality Working), the Chief Officer informed the Committee that recruitment was ongoing to fill Locality Lead posts and highlighted progress with regards to GP cluster management and the establishment of multi-agency teams.

The Chair advised that the Operational Risk Register was attached for members' information and the Committee agreed to note the register.

**The Committee resolved:-**

- (i) to request that officers review the Mitigating Actions section of item 2 (Financial Failure);
- (ii) to request further detail be added to the Assurances section of item 4 (Hosted Services) on how governance arrangements would underpin the delivery of hosted services;
- (iii) to note the ongoing delegation of risk ownership to members of the Executive Team;
- (iv) to request that officers highlight changes made since the previous meeting without using tracked changes and for version control to be introduced; and
- (v) otherwise note the Corporate Register.

## **DECLARATION OF INTEREST**

**David Hughes declared an interest by virtue of his employment with the Shared Internal Audit Service for Aberdeen City and Aberdeenshire Councils and left the meeting before consideration of the following item.**

## **REVIEW OF INTERNAL AUDITORS**

6. The Committee had before it a report by Alex Stephen (Chief Finance Officer, ACHSCP) which considered the appointment of internal auditors for 2017-18.

### **The report recommended:-**

That the Committee recommend to the IJB that the shared internal audit service used by both Aberdeen City and Aberdeenshire Council provide internal audit services to the IJB.

Alex Stephen advised that as per standing order 8(4) the Committee was required to review internal auditing arrangements. He explained that the report had recommended that the Committee appoint the shared internal auditing service for Aberdeen City and Aberdeenshire Councils as the majority of documents reported to the IJB originated through Aberdeen City Council's auditors rather than NHS Grampian auditors. He noted that if the recommendation was agreed, NHS Grampian's internal auditors would still have a role within the auditing framework but where necessary the IJB and its committees should seek advice from and assign work to the shared Aberdeen City and Aberdeenshire auditing service.

### **The Committee resolved:-**

To recommend to the IJB that the shared internal audit service used by both Aberdeen City and Aberdeenshire Council provide internal audit services to the IJB.

## **EXTERNAL AUDIT STRATEGY REPORT**

8. The Committee had before it a report by Alex Stephen that presented the draft external audit strategy to the Audit and Performance Systems Committee for its consideration.

### **The report recommended:-**

That the Committee approve the approach to external audit as outlined in Appendix A.

Andy Shaw (KPMG, External Audit) spoke to the report and advised that the audit strategy followed a standard format but was specific to the IJB and the Partnership. He explained that materiality had been set at 1% of budgeted gross expenditure to reflect the risks associated with Partnership's new body status. He advised that there was a significant risk that management would override controls and noted this risk was in line with International Standards on Auditing (ISA). Mr Shaw provided further information on other areas of audit focus and the wider scope of work; he highlighted

key issues for external audit would be how the IJB and the Partnership addressed financial sustainability, financial management and governance and transparency. He concluded by noting that as Director he would be responsible for signing off the Board's annual accounts, and informed the Committee that Natalie Dyce (Manager) and Sam Johnstone (Fieldwork Lead) would provide further support to the IJB.

Thereafter there were questions on the challenges of providing an external auditing service for Scottish IJBs which were supported by two independent bodies; the added complexity for auditing the Aberdeen City IJB due to Bon Accord Care's status as an Aberdeen City Council Arm's Length External Organisation (ALEO) and their position within group accounts; the risks KPMG had identified by virtue of their position as external auditors to both Aberdeen City Council and the IJB; how KPMG would provide a holistic approach to auditing financial sustainability and what steps external auditors across Scotland had taken to ensure a standardised approach to assigning risk; and how external audit would communicate with the Committee if they had identified significant issues which would impact on the IJB's capacity to function.

**The Committee resolved:-**

To approve the approach to external audit as outlined in Appendix A.

## **TRANSFORMATION UPDATE**

9. The Committee had before it a report by Gail Woodcock (Integrated Localities Programme Manager, ACHSCP) that provided an update on the progress of the Transformation Programme.

**The report recommended:-**

That the Committee note the ongoing process and progress in developing and delivering the transformational programme and to seek further updates at regular intervals.

Gail Woodcock spoke to the report and advised that the report had been presented in a new format which reported by exception. She explained that an enabling infrastructure had been set up to support the Partnership's transformation activities and highlighted keys risks and opportunities that had been identified. Ms Woodcock confirmed that the Transformation Programme Board's governance arrangements were under review after being operational for a year. She added that Social Care Campus proposals were being reviewed and the Programme Board was exploring how projects could be delivered using buurtzorg principles.

Thereafter there were questions on the delivery of acute care at home and the importance of managing expectations to ensure that an affordable and sustainable system could be implemented; the assignment of risk ratings for projects within the Change Programme; and indicative timeframes for concluding the Programme Board's recruitment process.

**The Committee resolved:-**

To note the ongoing process and progress in developing and delivering the transformational programme and to seek further updates at regular intervals.

In accordance with the decision recorded under article 3 of this minute, the following items were considered with the press and public excluded.

## **DECLARATIONS OF INTEREST**

Judith Proctor, Alex Stephen, Kevin Toshney and Gail Woodcock declared an interest by virtue of their employment with Aberdeen City Health and Social Care Partnership and left the meeting before consideration of the following item.

## **COMMITTEE MEMBERS ANNUAL MEETING WITH IJB AUDITORS**

10. The Committee met with IJB auditors in closed session without senior Partnership officers being present as per item 5.2 of the Committee's terms of reference.

### **The Committee resolved:-**

- (i) to note the issues raised at the confidential meeting; and
- (ii) to note that the next annual meeting would be scheduled following production of the IJB's 2016-17 annual accounts.

**PROFESSOR MIKE GREAVES, Chairperson.**