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INTEGRATION JOINT BOARD AUDIT COMMITTEE

Minute of the meeting of the Western Isles Integration Joint Board Audit Committee
held on Tuesday 12th June 2018 at 10.30am,
Meeting Room 2, Health Board Offices, Stornoway

Members:

Dr. Neil Galbraith	Non Executive Director, NHS Western Isles
Mr. Malcolm MacDonald	CnES – Union Representative
Mr. Murdo Macmillan	Non Executive Director, NHS Western Isles (Chair)
Cllr. Angus Morrison	CnES Councillor (Vice Chair)

In Attendance:

Ms. Debbie Bozkurt	Chief Finance Officer, IJB
Dr. Ron Culley	Chief Officer, Health and Social Care
Mr. Robert Emmott	Director of Finance and Corporate Resources, CnES
Mr. Paul MacAskill	Chief Internal Auditor, CnES
Mrs. Helen MacKenzie	Head of Procurement and Exchequer Services, CnES
Mrs. Michelle McPhail	Business Manager, NHS WI

1. WELCOME

The Chairman welcomed all those attending the meeting. He welcomed Gillian McCannon to the meeting as an observer on the basis that Mrs. McCannon will become a Member of the Committee when Dr. Galbraith steps down from the Audit Committee in September 2018.

2. APOLOGIES FOR ABSENCE

Mr. David Jamieson	Audit Scotland
Cllr. Paul F. Steele	CnES Councillor
Mr. Donald Macleod	Internal Auditor, CnES

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES

4.1 IJB Audit Committee Minutes of 06.02.18

The Minute of the Integration Joint Board Audit Committee held 6th February 2018 was approved as an accurate record of the discussion with no amendments.

Decision: The Committee formally approved the Minutes.

4.2 MATTERS ARISING

There were no matters arising.

4.3 ACTION POINTS

29.06.17 Item 6.4 – IJB Annual Report ~ Dr. Culley advised Members that the Locality Planning Groups were presented with the draft report, understanding the work being undertaken and the level of performance. **REMOVE**

06.02.18 Item 6.5 – Audit Scotland Annual Audit Fee ~ Ms. Bozkurt advised that the fee is set by the Scottish Audit Commission and is a set fee. It was noted that the Committee raised its concern with the Commission and a decision was taken not to pursue the issue further.

The Chair remarked that the Committee is willing to pay the fee but wished to acknowledge with the Scottish Audit Commission its ongoing concern at the initial cost and a further substantial increase in the audit fee. **REMOVE**

5. AUDIT AND FINANCIAL GOVERNANCE

The Chair requested that item 5.8 – Residential Care Home Income is taken ahead of approving the Draft Annual Accounts. Members agreed.

5.8 Residential Care Home Income

Mrs. Helen MacKenzie, Head of Procurement and Exchequer Services within the Comhairle provided Members with an update on the variation between the forecast outturn and actual income variation in 2017/18 associated with Residential Care services.

The £2m variation arose from property invoices raised in March 2018 but not included in the forecast outturn (£900k); backlog cases invoiced during the last quarter (£300k), other variations between accrual and actual invoices (£350k), year-end property /capital accruals (£350k) and actual assessment higher than estimate (£200k).

Mrs. MacKenzie stated that being able to identify the anomalies, improvement measures have been put in place to, as much as possible, mitigate any future error. These include:

- Forecasting will be addressed by the team undertaking the financial assessment that will ensure knowledge about actual cases.
- Invoicing charges up to the end of March 2019 for all payment routes at the time of assessment. The error had previously been carried forward as the department were using different invoicing processes depending on payment styles. This is now an automated process.
- Inclusion of estimates for property charges to be invoiced in March 2019 as part of the forecasting process. Omission of £900k, an estimate charge raised against the property had been made and if decreased then charge is recouped.
- A full reconciliation of the figures on the ledger to the forecast estimate. This will be done monthly and enable the Chief Finance Officer of the IJB to have sight of the ledger changes.
- Segmentation of forecasting into two parts distinguishing current service users and those who have been discharged. By splitting the income, current and discharged/deceased, assumptions made and accruals can be placed on the ledger.
- Use of weekly charging rates agreed during 2017/18 year end process for estimating accruals for service users awaiting assessment. An agreed rate level has been made, minimum charge is applied when no other information is available and another rate when clients have been identified as having property or assets. This provides a new consistent approach to charging.
- A monthly forecast to be produced following the accountancy period end. There is now capacity within the department to enable this work to be carried out regularly.

Members deliberated the report and scrutinised the process and discussion.

Mrs. MacKenzie reflected on the fact that a level of risk needs to be applied when dealing with monetary values and potential swings in income (min to max). There is a need to ensure that assessments are carried out within 35 days of admission and entry is clarified on the ledger. There will always be a movement of discharge and associated changes in the value. It was confirmed that it is the right of the Comhairle to set the pricing for residential care, as an operational matter and not an issue for the IJB.

Ms. Bozkurt wished to acknowledge the work carried out by Mrs. MacKenzie and her team, providing her and the Audit Committee with the assurance of a more efficient and effective process being in place. Ms. Bozkurt did indicate that she would review the process during the first quarter to obtain a greater level of comfort and understanding of the process and report back to the Audit Committee with her views.

Mrs. MacKenzie made the Committee aware that there are still 20 patients/clients requiring assessment but is still unsure if this group were admitted prior to 2016.

Ms. Bozkurt indicated that the admission date does have an impact on whether applicable to the IJB or Council, as indicated by Audit Scotland. Dr. Culley advised that if the financial gain is placed within the Comhairle he has expressed a request that the money is used to support the changes within Health and Social Care, specifically when addressing the Lewis Residential Care project. Mr. Emmott noted that this will require further review and advice from Legal. Ms. Bozkurt advised that the amount in question is approximately £500k.

The Chair commented upon the need to obtain professional judgement from Audit Scotland on process of attributing loss and gain to either Comhairle or IJB. There is a need to have transparency of the accounts and understanding on how monies can be used.

Mr. Galbraith asked Ms. Bozkurt and Mr. Emmott if they were content that the information presented in relation to the Residential Care Home income was now fully reported and the figures correct, which now brings the historical reporting issues to an end. Ms. Bozkurt provided her professional judgement, as Chief Finance Officer of the IJB that she was content with the information presented by the Comhairle and the improvements made, and reported to the Committee, by Mrs. MacKenzie. Ms. Bozkurt indicated that in 2017 there were no monthly updates to the ledger, however with the improvements noted today she will be able to identify any significant swing in income from the Council's data.

The Chair thanked Mrs. MacKenzie for the update.

Decision: The Committee formally noted the reason for the variation and assurance of the improvement processes put in place.

Action: Present the first quarter report of residential care at the next meeting.

Debbie Bozkurt.

5.1 IJB Draft Annual Accounts 2017/18

The Chief Finance Officer, Ms. Debbie Bozkurt, presented the draft Annual Accounts to Members for discussion and approval, ahead of obtaining approval by the Integration Joint Board.

Ms. Bozkurt drew Members' attention to the following:

- Financial Position for 2017/18 indicates an underspend of £3.128m, which will be transferred to reserves.
- Key elements of the underspend arose from recovery process being heightened within Residential Care, and £1.335m transfer of earmarked and specific funds to reserves.
- Reserves at 2018/19 contain – specific reserves ~ £1,512k; general reserves ~ £3,072k; earmarked reserves ~ £638k and ongoing funding for specific projects £832k. In total £6,054k.
- The Investment Plan, to be discussed later on the agenda, has made provision to spend the reserves and leaving approximately £600k.
- The five year Investment Plan has already identified £1.1m in support of sustainable workforce, £1.9m for Digital Innovation and Infrastructure and £1.1m in support of Service Transformation.

The Chief Officer, Dr. Culley gave an overview of the governance statement, making reference to the governance of the IJB, improving accountability, risk management, performance monitoring, strategic planning and review of effectiveness.

The Chair recognised the work involved in drawing the Draft Annual Accounts together and wished to thank, on behalf of the IJB Audit Committee, those involved for their endeavours.

Members scrutinised the Accounts, obtaining a required level of assurance that the Accounts provide an accurate report of the financial position of the Integration Joint Board for the fiscal period 2017/18. Members were advised of that in 2018/19 further financial challenges are being faced by both Parent Bodies. Further savings need to be identified, seeking ways of being more cost effective and where possible providing services with little adverse impact on the end user, however this may not be possible as more innovative approaches to service delivery need to be recognised.

Ms. Bozkurt advised that in dealing with earmarked reserves, the Scottish Government require evidence that the earmarked allocations have been spent on the identified service and the reserve is safeguarded. The areas identified within the recent Scottish Government review of NHS Tayside has resulted in additional financial measures being placed on other NHS Boards.

Decision: The Committee formally approved the Draft Annual Accounts.
Action: The Report will be presented to the full Integration Joint Board for formal approval. Agenda item for the June Board meeting.

Mr. Emmott left the meeting.

5.2 Internal Audit Annual Report and Assurance Statement 2017/18

5.2.1 Appendix 2 – Performance Indicators 2017/18

Mr Paul MacAskill, Chief Internal Auditor for the IJB, submitted a Report detailing the Internal Audit Annual Report and Assurance Statement for 2017/18.

In reviewing the report, Members reflected on the report, specifically noting that the Comhairle's Audit Team provided the agreed 20 days of planned audit, reviewing three pre-agreed specific areas ~ Governance, Risk Management and Internal Control. All of which were classed as satisfactory.

Mr. MacAskill raised the issue of concern at the ability to filling long term vacancies, given the age demographics of the working population availability. Dr. Culley remarked that this issue is the principal concern of the IJB and could be the main block on service delivery.

Mr. MacAskill informed Members that as part of their due diligence process, and in accordance with best practice, they contact both Parent Bodies Internal Auditors for the purpose of determining whether there were any significant matters arising from the Annual Accounts in 2017/18. He was happy to note that no significant matters were noted within either Parent Body.

In concluding his presentation, Mr. MacAskill wished to thank the Audit Committee for their continued support together with the co-operation of relevant colleagues in each Parent Body.

The Chair thanked Mr. MacAskill and his team for their endeavours and support throughout the year. There were some small minor changes to be made, following review and comments to the report and Mr. MacAskill agreed to make the changes ahead of the report being placed on the public website.

Decision: The Report was formally noted and assurance was provided.
Action: Revised Report to be provided to Mrs. McPhail for inclusion on the IJB website.

It was noted that the Internal Audit Reports would be presented and considered in an alternative format than that stated on the agenda. This was agreed.

5.6 Internal Audit Progress Report 2018/19

Mr. MacAskill, Chief Internal Auditor advised the Committee of the Internal Audit activity conducted during the period of 01.04.18 to 30.05.18. The activity carried out is in line with the Three year Strategic Audit Plan and the Operational Internal Audit Plan for 2018/19.

Mr. MacAskill emphasised the importance of following up on previous reports and associated recommendations to ensure that all recommendations have been fully implemented and processes agreed continue. Three reports will be presented to Members for consideration, Financial Planning, Performance Reporting and Risk Management.

It was noted that work will shortly commence on Service Redesign, delivery and progress in meeting outcomes. Mr. MacAskill indicated that the report will be presented at a future meeting of the IJB Audit Committee.

The Chair thanked Mr. MacAskill for his presentation.

Decision: The Committee formally noted the report.

Action: Future date to be confirmed for the presentation of the audit report on Service Redesign. Paul MacAskill

5.3 Internal Audit Financial Planning – follow-up report

The Chief Internal Auditor, Mr. Paul MacAskill, provided the Internal Audit Follow-up Report on the IJBs Financial Planning. It was noted that one recommendation had been made and this had been implemented in full.

Members commented on the potential of conducting a review on the Residential Care issue. Mr. MacAskill indicated that the Chair of the Comhairle's Audit Committee obtains regular reports as a consequence of the anomalies within the controls. Dr. Culley advised that there may be an opportunity to learn from the Council's review, which Members agreed.

The Committee Chair asked that a report on the process of the Residential Care is presented in September 2018 and thereafter on a quarterly basis. Ms Bozkurt and Dr. Culley agreed.

Decision: The Report was formally noted, providing the Committee with assurance.

Action: Quarter reports on the review of processes in dealing with the Residential Care issues. Deliver a report in September and every quarter thereafter. Debbie Bozkurt / Ron Culley

5.4 Internal Audit Performance Report – follow-up report final report 2017/18

Mr. Paul MacAskill, Chief Internal Auditor for the IJB submitted the final Internal Audit Report on the Performance Reporting for 2017/18.

He remarked on the four recommendations where two have been fully implemented (Green) and two are partially implemented (Amber). Dr. Culley advised that Martin Malcolm, Head of Public Health Intelligence within the NHS will be making a presentation to the IJB on the 21st June 2018. Mr. Malcolm will be demonstrating how statistics are used and verify the performance against trajectory.

The Chair asked that Mr. MacAskill continues to review the recommendations which are noted as Amber.

Decision: The Report was formally noted for assurance.

Action: Continuous monitoring of the two partially implemented actions.

Paul MacAskill

5.5 Internal Audit Risk Management – Follow-up report

The Chief Internal Auditor for the IJB, Mr. MacAskill advised Members of the recommendations pertaining to “Risk Management” which was issued on the 27th September 2017. There were four audit recommendations, and he was pleased to report that all four had been fully implemented.

The Chair thanked Mr. MacAskill and his team for their review and assessment of the work of the IJB.

Decision: The Report was formally noted for assurance.

Action: No actions required.

5.7 IJB Annual Report 2017/18

The Chief Officer, Dr. Culley, presented the report providing assurance of the work being undertaken in 2017/18. He drew colleagues' attention to the report highlighting the following points:

- Not all information is contained within the version of the report presented as information from Scottish Government had just been released and would need to be included.
- Page 6 ~ demonstrated the outcomes of a survey undertaken with local stakeholders and staff seeking their views on how the IJB accountability could be improved.
- Page 7 ~ Strategic Objectives – Dr. Culley noted that the IJB had approved the refreshed the Strategic Plan.
- Page 9 ~ Achievements – demonstrated those achievements made in 2017/18, either fully achieved or partially to date.
- Page 10 ~ Resources – Dr. Culley indicated the financial pressures being applied to both Parent bodies and the need to identify potential savings to deliver the services Directed by the IJB.
- Page 13 ~ Locality Planning – It was noted during discussion that meetings with LPGs had been undertaken and the views are being explored further.
- Page 16 ~ Operational Integration Services – operational management structure was approved and with those now in post it is working well.
- Page 18 onwards ~ Staff survey information – Members remarked upon the views of staff from being effective to ineffective on a self scoring basis.
- Page 21 ~ ISD Outcome Indicators – Dr. Culley indicated that these figures need to be updated in light of the recent report from the Scottish Government Information Statistics Division
- Page 23 ~ Joint Inspection of Older People's Services – Dr. Culley indicated that the informal feedback was very positive.

Dr. Culley remarked on the positive progress of the IJB and the Health and Social Care Partnership. It was recognised that the IJB is still a relatively young public bodies and as such the general public may not be fully aware of the IJBs role. Further work needs to be achieved to raise the profile of the IJB, improving its transparency and connecting better with communities.

The Chair opened the floor to colleagues to ask questions.

Mr. Galbraith asked for clarification as to the request laid before the Council to reconsider its retention of the £429k of Scottish Government allocation to the IJB. Dr. Culley confirmed that the issue was considered and rejected. The money will remain with the Comhairle and drawn down to the IJB upon request. Dr. Culley noted that he would provide a copy of the report. Mr. Galbraith indicated that he was not content with the Council's response as its stance appeared contrary to the

rules and regulations as set out in the Public Bodies (Joint Working)(Integration Joint Boards)(Scotland) Order 2014 and the Integration Scheme between CnES and NHS.

Decision: The Committee formally note the report for assurance.

Action: Provide a copy of the Comhairle report on the £429k issue Ron Culley

6. DATE AND TIME OF NEXT MEETING

The following dates were agreed by the Committee as future dates.

11.09.18 AM Committee Room 3, CnES

06.12.18 AM Committee Room 3, CnES

The meeting came to a close at 12.20pm, the Chair thanking everyone for their contribution to the discussion.

APPROVED 11.09.18