

AUDIT AND PERFORMANCE COMMITTEE OF THE PERTH AND KINROSS INTEGRATION JOINT BOARD

Minute of hybrid meeting of the Audit and Performance Committee of the Perth and Kinross Integration Joint Board (IJB) held in the Council Chambers on Monday 26 September 2022 at 9.30am.

Present: B Hamilton (Chair) and D McPherson (both Tayside NHS Board), Councillors D Illingworth and S McCole (both Perth and Kinross Council), B Campbell (Carer Public Partner) (from Item 4.1 until Item 5.4) and S Watts (Third Sector Forum).

In Attendance: B Benson, S Hope and L Glover (from Item 4.1 onwards) (all IJB Members); J Smith, Head of Finance and Corporate Services, C Jolly, M Grant, Z Robertson, Amanda Taylor, M Dickson, K Sharp and P Jerrard (all Perth and Kinross Health and Social Care Partnership); J Clark, Chief Internal Auditor; and S Hendry, Adam Taylor, M Pasternak and A Brown, Corporate and Democratic Services (Perth and Kinross Council); and M Wilkie and C Batchelor (both KPMG – External Auditors).

Apologies: J Pepper, Chief Officer – Health and Social Care Partnership.

B Hamilton, Chair.

1. WELCOME AND APOLOGIES

B Hamilton welcomed all those present to the meeting and an apology was submitted and noted as above.

2. DECLARATIONS OF INTEREST

There were no Declarations of Interest made in terms of the Perth and Kinross Integration Joint Board Code of Conduct.

3. MINUTE OF PREVIOUS MEETING

3.1 MINUTE OF MEETING OF THE AUDIT AND PERFORMANCE COMMITTEE OF 7 MARCH 2022

The minute of meeting of the Audit and Performance Committee of the Perth and Kinross Integration Joint Board of 7 March 2022 was submitted and approved as a correct record.

3.2 ACTION POINTS UPDATE

The Action Points Update (Report G/22/139) were submitted, and updates provided thereon.

3.3 MATTERS ARISING

There were no matters arising.

4. PERFORMANCE

4.1 2022/23 FINANCIAL POSITION

There was submitted a report by the Head of Finance and Corporate Services (G/22/140) providing an update on the 2022/23 projected year-end out-turn based on financial performance for the four months to 31 July 2022.

The Committee were advised that an overall underspend of £0.5m is projected. J Smith stated that there was previously a requirement for the use of reserves but this is now no longer required. This is mainly due to the improving prescribing position. However, this prescribing slippage has mostly been offset by unachieved savings and 2c practice costs in Dundee and Angus IJBs.

Significant Covid spending is forecast which is due to be offset in full by Covid reserves. However, discussions are ongoing with the Scottish Government on the potential return of reserves not required in this financial year to meet Covid spending.

Resolved:

- (i) The overall projected out-turn of £0.5m underspend with no requirement for the use of reserves to deliver financial balance, be noted.
- (ii) The forecasted £5.7m Covid-19 costs funded in full by the IJB Covid-19 Reserve, be noted.
- (iii) The financial risks that may still impact on the financial forecast, be noted.

4.2 ANNUAL PERFORMANCE REPORT 2021/22

There was submitted a report by the Chief Officer (G/22/141) presenting the Perth and Kinross IJB Annual Performance Report for 2021/22.

The Committee heard that the report is presented in a changed format which is intended to meet the needs of a broader audience, is also more outcome focussed and encompasses good practice across Scotland. The report strives to reflect the scale of activities and improvements undertaken throughout the year and to show the progress achieved.

A number of Members provided positive feedback on the content and structure of the annual performance report whilst some other members noted the level of detail of some of the information contained and the complexity of some of the services being delivered. However, it was noted that the report would now be used to produce communication at different levels and increase accessibility to support different needs including the community as well as staff members. A communications and engagement plan is being formulated to facilitate this.

Resolved:

The Annual Performance Report for 2021/22 as detailed in Appendix 1 of Report G/22/141, be approved.

5. GOVERNANCE AND ASSURANCE

5.1 STRATEGIC RISK MANAGEMENT UPDATE

There was submitted a report by the Chief Officer (G/22/142) providing updates on (1) the Integration Joint Board Strategic Risk Register; (2) the progress of the improvement actions being taken to improve the overall control environment to further mitigate risk; and (3) on new or emerging risks and any material changes to existing risks.

Ongoing review of strategic risks have led to a number of positive changes to the level of the risks since the last report to the Committee in March 2022. However, a number of high priority red risks remain though including Financial Resources, Workforce, Capacity and Flow and External Providers. The report sets out a range of actions which are being taken across our governance frameworks to address the level of risk in these areas.

Councillor Illingworth welcomed the report as a new Committee member and found it enlightening to see the current risks to the IJB's strategic objectives, especially the high level risks.

Resolved:

- (i) The IJB's Strategic Risk Register and Strategic Risk Improvement Plan as detailed in Report G/22/142, be noted.
- (ii) The current position of the IJB's strategic risk exposure scores as detailed at Section 2 of Report G/22/142, be noted.

5.2 PARTNERSHIP IMPROVEMENT PLAN / AUDIT RECOMMENDATIONS UPDATE

There was submitted a report by the Chief Officer (G/22/143) providing an update on progress made against the actions within the Partnership Improvement Plan.

The Committee heard that the Partnership Improvement Plan (PIP) and Audit Recommendations report has now been amalgamated into one report for the first time as it was recognised that there was an overlap between the 2 reports previously. New actions have been identified for inclusion in the plan through the annual review of governance and now incorporated into the PIP. Positive progress has been made in many of the actions with further work scheduled for the remainder of the financial year.

Resolved:

- (i) It be noted that the Audit Recommendations have now been amalgamated into the Partnership Improvement Plan.
- (ii) The progress towards the achievement of actions within the Partnership Improvement Plan, be noted.

5.3 INTERNAL AUDIT PROGRESS REPORT

There was submitted a report by the Chief Internal Auditor (G/22/144) providing an update on progress in relation to Internal Audit's planned activity.

Resolved:

The progress made with the delivery of the 2020/21 and 2021/22 plans as detailed in Appendix 1 of Report G/22/144, be noted.

5.3.1 INTERNAL AUDIT REPORT – CORPORATE SUPPORT

There was submitted a report by the Chief Internal Auditor (G/22/145) reviewing the adequacy of arrangement in place for the delivery of corporate support functions for the Partnership and the IJB.

Resolved:

The contents of Report G/22/145, be noted.

5.4 INTERNAL AUDIT STRATEGY AND PLAN 2022/23

There was submitted a report by the Chief Internal Auditor (G/22/146) seeking approval of the Annual Internal Audit Plan for Perth and Kinross Integration Joint Board for 2022/23.

J Clark advised the Committee that the Leadership Capacity Review internal audit assignment has been impacted by the change in Chief Officer. Therefore, a proposal for a revised scope for this report has been included within the Internal Audit Plan for 2022/23. The scope is now proposed to be for a consultancy review of Leadership Capacity and J Clark advised that this is consistent with the role of Internal Audit within the Public Sector Internal Audit Standards. In line with the approach in Perth & Kinross Council, where Internal Audit is undertaking a 'critical friend' role, detailed outcomes will not be communicated to the Audit & Performance Committee in a separate report. J Clark advised that the Audit & Performance Committee will, however, be informed of the work undertaken and of any high-level outcomes as appropriate.

B Hamilton queried what the Committee would receive in relation to the Leadership assignment to be assured of achievements and of the value in the work undertaken. The Chief Internal Auditor advised she would provide a summary of the work and activity as part of the routine internal audit summary report. A detailed report will not be provided to allow for an open and dynamic review to take place and to be the 'critical friend'.

D McPherson stated that this was previously in the audit plan to come to the Committee in full and that he was struggling to understand the rationale behind this and also expressed concern that the Committee might lose insight into this. J Clark stated that the audit from the previous internal audit plan prepared at a specific point in time from a previous Chief Officer to ensure the capacity review was effective then. A new Chief Officer has now been appointed and discussions have since taken

place about what would provide the required value to the organisation. The Committee were informed that recommendations may be made as part of this work but that it would be for the Chief Officer to bring these forward to the Committee. B Hamilton enquired if an indication of the percentage of time allocated to this assignment could be provided. J Clark advised that there is a total of 40 days and that she anticipates this work would involve an allocation of between 10 and 12 days.

D McPherson asked if there was an opportunity to bring the outcomes of the Leadership Capacity work forward as it has a target date of June 2023. The Chief Internal Auditor stated that this is something which she will consider in conjunction with the Chief Officer and an update provided on this at the next meeting.

Resolved:

The Internal Audit Strategy and Plan for 2022/23 as detailed in Appendix 1 to Report G/22/146, be approved.

THERE FOLLOWED A SHORT RECESS AND THE MEETING RECONVENED AT 11.02AM.

B CAMPBELL LEFT THE MEETING AT THIS POINT.

IT WAS AGREED TO VARY THE ORDER OF BUSINESS AND CONSIDER ITEMS 6.1 AND 6.2 AT THIS POINT.

6. AUDITED ANNUAL ACCOUNTS 2021/22

6.1 ASSURANCES RECEIVED FROM PARTNERS

There was submitted a report by the Head of Finance and Corporate Services (G/22/147b) providing assurance on the effectiveness of the governance arrangements within Perth and Kinross Council, NHS Tayside and the two Tayside IJB's during 2021/22.

D McPherson queried the absence of assurance at the moment from Dundee IJB and that this has been referenced in the Annual Accounts as being received. M Wilkie advised that he would be content for a revision to be made to the financial statements in the Annual Accounts making the position clear regarding Dundee IJB and the extent to which the IJB is aware of any governance issues in Dundee IJB.

Resolved:

- (i) It be noted that assurance had been received from NHS Tayside, Perth and Kinross Council and Angus IJB.
- (ii) It be noted that assurance of effective governance arrangements in Dundee IJB is expected to be received by the end of October 2022.

6.2 AUDITED ANNUAL ACCOUNTS 2021/22

There was submitted a report by the Head of Finance and Corporate Services (G/22/148) presenting the Integration Joint Board's (IJB) Audited Annual Accounts for the financial year 2021/22 in accordance with the 2021 CIPFA Code of Practice

on Local Authority Accounting. The accounts also comply with the Local Authority Accounts (Scotland) Regulations 2014.

M Wilkie provided the Committee with a summary of the external audit report and advised that KPMG intend to issue an unqualified opinion on the financial statements following approval by the Board.

The external audit contained 2 recommendations. One recommendation concerned the risk sharing arrangements and a proposed wording change in the revised integration scheme. The other recommendation related to the potential return of unused Covid reserves and of the Board taking appropriate consideration of the governance route should this arise.

B Hamilton and J Smith expressed gratitude on behalf of the IJB to Michael Wilkie and his team at KPMG for their work with the IJB over the last six years.

Councillor Illingworth expressed thanks to the Finance Team for their dedication and hard work in preparing the accounts.

Resolved:

- (i) The contents of KPMG's Annual Audit Report to Members of Perth & Kinross IJB and the Controller of Audit on the 2021/22 Audit, be noted.
- (ii) The Audited Annual Accounts for 2021/22 as detailed in Appendix 2 to Report (G/22/148), be approved.
- (iii) The Letter of Representation be approved for signature by the Head of Finance and Corporate Services.

5.5 APPOINTMENT OF EXTERNAL AUDIT 2022/23-2026/27

There was submitted a report by the Head of Finance and Corporate Services (G/22/147a) providing an update on the appointment of Perth and Kinross Integration Joint Board's External Auditors for 2022/23 to 2026/27.

Following a tender process by the Auditor General and Accounts Commission the Audit and Performance Committee were advised that Audit Scotland have been appointed as the IJB's auditor for the audits of 2022/23 to 2026/27.

Councillor McCole queried if rates were fixed for the duration of the contract. J Smith advised that there has been no discussion of the proposed fee at this point. The fee is set as per a national fee framework with very limited flexibility to vary this. However, a paper will be brought to the Audit and Performance Committee to agree the fee later in the year.

Resolved:

The appointment of Audit Scotland as the IJB's External Auditors for the period 2022/23 to 2026/27, be noted.

7. CLINICAL CARE GOVERNANCE

7.1 CLINICAL CARE GOVERNANCE RISK ESCALATION REPORT

There was submitted a report by the Chief Officer (G/22/149) providing assurance to the IJB that a robust Clinical and Care Governance system is in place within NHS Tayside and Perth and Kinross Council and that there is an appropriate escalation process for operational risks which may impact on the ability of the IJB to deliver its strategic objectives.

B Hamilton advised that she was keen that the information included in the report was more manageable and that it was able to provide the assurance that the Committee requires. D McPherson advised that an IJB member development session would be a good way forward as this is a complex issue that has tested officer and members over a long period. The importance of the Co-Chairs of the Clinical, Care and Professional Governance Forum attending the Audit and Performance Committee was stressed. This would allow questions to be answered and they could provide wider assurance.

Resolved:

- (i) The review and consideration of operational risks and the impact on the IJB's Strategic Risk Profile, be noted.
- (ii) The assurance provided on the Clinical and Care Governance systems in place within NHS Tayside and Perth and Kinross Council, be noted.

8. FOR INFORMATION

There were submitted and noted the following reports for information:

8.1 AUDIT & PERFORMANCE COMMITTEE WORK PLAN 2022/23 (G/22/150)

8.2 AUDIT & PERFORMANCE COMMITTEE RECORD OF ATTENDANCE 2021/22 (G/22/151)

9. PRIVATE DISCUSSION

There was no private discussion between members of the Committee and the Chief Internal Auditor or External Auditor.

10. DATE OF NEXT MEETINGS

Monday 28 November 2022 at 9.30am.

Monday 13 March 2023 at 9.30am.