



Council Building  
2 High Street  
Perth  
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08 February 2021

A Virtual Meeting of the **Audit and Performance Committee of the Perth and Kinross Integration Joint Board** will be held via Microsoft Teams on **Monday, 15 February 2021** at **09:30**.

If you have any queries please contact Committee Services - [Committee@pkc.gov.uk](mailto:Committee@pkc.gov.uk).

**Gordon Paterson**  
**Chief Officer/Director – Integrated Health & Social Care**

***Please note that the meeting will be streamed live via Microsoft Teams, a link to the Broadcast can be found via the Perth and Kinross Council website. A recording will also be made publicly available on the Integration Joint Board pages of the Perth and Kinross Council website following the meeting.***

### **Members**

Councillor Callum Purves, Perth and Kinross Council (Chair)  
Councillor John Duff, Perth and Kinross Council  
Pat Kilpatrick, Tayside NHS Board  
Ronnie Erskine, Tayside NHS Board  
Bernie Campbell, Carer Public Partner



**Audit and Performance Committee of the Perth and Kinross Integration Joint  
Board**  
**Monday, 15 February 2021**

**AGENDA**

- 1 WELCOME AND APOLOGIES**
- 2 DECLARATIONS OF INTEREST**  
Members are reminded of their obligation to declare any financial or non-financial interest which they may have in any item on this agenda in accordance with 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 30 NOVEMBER 2020** **5 - 12**  
(copy herewith)
  - 3.2 ACTION POINTS UPDATE** **13 - 14**  
(copy herewith G/21/1)
  - 3.3 MATTERS ARISING**
- 4 GOVERNANCE & ASSURANCE**
  - 4.1 INTERNAL AUDIT PROGRESS REPORT**  
Verbal Report by Chief Internal Auditor
  - 4.2 STRATEGIC RISK MANAGEMENT UPDATE** **15 - 34**  
Report by Chief Officer (copy herewith G/21/2)
  - 4.3 EXTERNAL AUDIT REPORT - AUDIT STRATEGY** **35 - 60**  
Report by KPMG (copy herewith G/21/3)
  - 4.4 EXTERNAL AUDIT - PROPOSED AUDIT FEE 20/21** **61 - 64**  
Report by Chief Financial Officer (copy herewith G/21/4)
- 5 PERFORMANCE**
  - 5.1 KEY STRATEGIC PERFORMANCE INDICATOR REPORT FOR THE PERIOD TO SEPTEMBER 2020: QUARTER 2** **65 - 68**  
Report by Chief Officer (copy herewith G/21/5)

## **6 FOR INFORMATION**

<b>6.1</b>	<b>AUDIT AND PERFORMANCE COMMITTEE WORK PLAN 2020/21</b>	<b>69 - 70</b>
	(copy herewith G/21/6)	

<b>6.2</b>	<b>AUDIT AND PERFORMANCE COMMITTEE WORK PLAN 2021/22</b>	<b>71 - 72</b>
	(copy herewith G/21/7)	

<b>6.3</b>	<b>AUDIT AND PERFORMANCE COMMITTEE RECORD OF ATTENDANCE 2020/21</b>	<b>73 - 74</b>
	(copy herewith G/21/8)	

## **7 DATES OF FUTURE MEETINGS**

21 June 2021 11.00am  
26 July 2021 10.30am  
13 September 2021 09.30am  
13 December 2021 09.30am  
7 March 2022 09.30am

## **8 PRIVATE DISCUSSION**

<b>9</b>	<b>DATE OF NEXT MEETING</b>
	Monday 21 June 2021 11am

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

Minute of Meeting of the Audit and Performance Committee of the Perth and Kinross Integration Joint Board (IJB) held via Microsoft Teams on Monday 30 November 2020 at 9.55am (start time of meeting was delayed due to technical difficulties).

**Present:** Councillors C Purves (Chair) (Perth and Kinross Council), P Kilpatrick (up to and including Item 5.3) and R Erskine (Tayside NHS Board).

**In Attendance:** G Paterson, Chief Officer, J Smith, Chief Financial Officer, D Mitchell, C Jolly, C Paton (from Item 4.4 onwards), L Bailie (from Item 5.1 onwards), F Low and P Jerrard (all Perth and Kinross Health and Social Care Partnership); J Pepper, Chief Social Work Officer; J Clark, Chief Internal Auditor; S Auld (from Item 4.4 onwards), Service User Public Partner and A Taylor, Corporate and Democratic Services (Perth and Kinross Council).

**Apologies:** Councillor J Duff and B Campbell (Carer Public Partner) and S Hendry, Corporate and Democratic Services (Perth and Kinross Council).

Councillor Purves, Chair.

### **1. WELCOME AND APOLOGIES**

Councillor Purves welcomed all those present to the meeting and apologies were 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 14 SEPTEMBER 2020**

The minute of meeting of the Audit and Performance Committee of the Perth and Kinross Integration Joint Board of 14 September 2020 was submitted and approved as a correct record.

#### **3.2 ACTION POINTS UPDATE**

The Action Points Update (Report G/20/127) was submitted and updates provided thereon.

### **3.3 MATTERS ARISING**

There were no matters arising.

## **4. GOVERNANCE & ASSURANCE**

### **4.1 AUDIT RECOMMENDATIONS UPDATE**

There was submitted a report by the Chief Financial Officer (G/20/128) providing an update on progress with the implementation of all internal and external audit recommendations arising since the formal inception of the Integration Joint Board (IJB) on 1 April 2016.

The Chief Financial Officer advised that the number of overdue recommendations had reduced by three with six new recommendations added to the report. She further advised that steady progress had been made but there were several recommendations that were still overdue.

Councillor Purves queried whether the refresh of the Strategic Planning Group (SPG) had considered IJB member involvement, even as observers. The Chief Officer agreed that there is a need for IJB members to be assured of the work of the SPG and advised that work has been ongoing with the Partnership's Executive Management Team around the Terms of Reference and whether this should include IJB members on the Group. He further advised that he will be Chairing the SPG currently but stated that this would not preclude a non-voting or voting member becoming Chair and this will be part of the planning work of the refresh of the Group.

Councillor Purves queried whether consideration had been made to the formation of a pan Tayside IJB group overseeing delivery of Hosted Services and stated his opinion that this would be particularly beneficial in relation to Inpatient Mental Health Services. In response, the Chief Officer advised that this has not been considered but is something that could be looked at moving forward and agreed to feed this back to the Tayside Executive Partner's Group and to the regular discussions he has with the Interim Director of Mental Health.

**Resolved:**

The progress made to date on implementing agreed recommendations be noted.

### **4.2 INTERNAL AUDIT PROGRESS REPORT**

There was submitted a report by the Chief Internal Auditor (G/20/129) providing an update on progress in relation to Internal Audit's planned activity.

The Chief Internal Auditor advised that there had been a delay with the completion of the Commissioned Service Providers report (PKIJB 20-03) due to resources being re-tasked to support NHS Tayside's Test & Protect. She further advised that staff would be reassigned, and the completion of the report would be prioritised, and undertook to keep the committee fully informed of any further issues.

The Chief Internal Auditor also advised that the remaining assignment from the 2019/20 Internal Audit Plan relating to Financial Risks report (PKIJB 19-01) is now close to completion and is expected this will be brought to the next meeting of this Committee. She further advised that two other assignments which were scheduled for the first quarter of next year may also be slightly delayed due to the re-tasking of some of internal audit team.

Councillor Purves expressed his concern at the re-tasking of audit staff and queried whether this is still considered appropriate due to the delays in delivering assignments. In response, the Chief Internal Auditor advised that she has clear oversight of this work and that a considerable amount of assurance has been able to be taken from the work already completed on the outstanding assignments and that no concerns have been noted.

**Resolved:**

- (i) The progress made in the delivery of the 2019/20 and 2020/21 Plans as detailed in Report G/20/129, be noted.
- (ii) The potential delay in some assignments due in the first quarter of 2021-22 be noted.

#### **4.3 INTERNAL AUDIT COMMON DEFINITIONS**

There was submitted a report by the Chief Internal Auditor (G/20/130) presenting a proposal to adopt the use of common definitions for the reporting of overall results for Internal Audit assignments.

The Chief Internal Auditor advised that CIPFA had published the outcome from their research regarding the communication of results using common definitions and had recommended that these be applied throughout the public sector in order to allow for a more consistent understanding and approach to reporting across public sector organisations. She further advised that these definitions were accepted by Perth and Kinross Council in September 2020 and advised it is recommended that these be used by Perth and Kinross Integration Joint Board in 2021.

Councillor Purves stated that he welcomed this approach to bring a level of consistency across different Committees.

R Erskine queried whether following CIPFA guidance was the correct route for the IJB and whether there was a common format followed across the other Scottish IJBs. In response, J Clark undertook to discuss with colleagues from other IJB's in order to ascertain what they were doing in this regard.

**Resolved:**

- (i) The contents of the CIPFA document as detailed in Appendix 1 to Report G/20/130, be noted.
- (ii) It be approved that the definitions be applied to future Internal Audit work pending them being in line with other public bodies with further consideration by the Committee should this not be case.

#### **4.4 STRATEGIC RISK MANAGEMENT UPDATE**

There was submitted a report by the Chief Officer (G/20/131) providing an update on progress in managing the IJB's Strategic Risk Management Register.

The Chief Officer provided details on the continuation of work taking place on redeveloping the IJB's Strategic Risk Register specifically highlighting the risks being mitigated as a result of the ongoing Covid-19 pandemic. He further advised that the work had identified thirteen strategic risks and advised further work was currently underway to provide assurance on the mitigation of these risks in order to seek to reduce the risk scores and to bring forward further controls and mitigations.

The Committee were asked to note work of the pan-Tayside Risk Group who are refreshing the Tayside Risk Policy and Strategy as well as the sharing of risk information across the three Tayside IJBs and Local Authorities.

R Erskine queried whether there was an intention for oversight and input on strategic risks at IJB level at least on an annual basis. In response, Councillor Purves concurred with this suggestion and agreed to consider this and discuss it fully with the IJB Chair.

**Resolved:**

- (i) The progress in relation to the Perth and Kinross Health and Social Care Partnership's Strategic Risk Register, be noted.
- (ii) The planned and ongoing work by the Partnership's Risk Steering Group in fully developing the IJB's Strategic Risk Register, be noted.
- (iii) The full redeveloped IJB Strategic Risk Register be brought to the next meeting of this Committee on 15 February 2021.

S AULD AND C PATON BOTH JOINED THE MEETING DURING THE ABOVE ITEM.

#### **4.5 JOINT INSPECTION PLAN UPDATE**

There was submitted a report by the Chief Officer (G/20/132) providing an update on the progress against the Joint Inspection Action Plan.

The Chief Officer advised that the update demonstrates the areas where progress had been made in response to the Joint Inspection of Adult Services carried out by the Care Inspectorate and Health Improvement Scotland early in 2019. He also advised that the report also identified a number of areas where progress had not been as anticipated.

P Kilpatrick queried whether the commissioning of services from the Third Sector was now fully embedded within commissioning plans. In response, the Chief Officer advised that a lot of work had taken place in this regard and this would be continually reviewed. He further stated, that the Partnership would now need to reflect on how Covid may have changed the relationship in how we work with organisations to allow them to continue to deliver these services. He further advised



that a report on the scale and impact of the commissioning activity on the citizens of Perth and Kinross would come to a future meeting of this Committee.

R Erskine made reference to the appointment of a fixed-term service manager role and queried why this could not be permanent. In response, the Chief Officer advised that this would be an interim measure at the moment to allow full discussions to take place with the Chief Executives of both Partner Bodies. The Chief Financial Officer further advised that a permanent appointment would be preferable but the work this role requires needs to commence as soon as possible and that for equity reasons the existing wider staff group would also need to be consulted before a permanent appointment can be made.

**Resolved:**

The progress that the Health and Social Care Partnership has made in responding to the findings of the Joint Inspection, be noted.

#### **4.6 EXTENSION OF EXTERNAL AUDIT APPOINTMENT**

There was submitted a report by the Chief Financial Officer (G/20/133) providing an update on the extension of External Audit's appointment as partnership auditors.

**Resolved:**

It be noted that KPMG's appointment as the IJB's external auditor has been extended for one year due to the ongoing disruption caused by the Covid pandemic.

### **5. PERFORMANCE**

#### **5.1 2020/21 FINANCIAL POSITION**

There was submitted a report by the Chief Financial Officer (G/20/134) providing an update on (1) the 2020/21 projected year end out-turn on the operational position based on financial performance for the six months to the end of September 2020; (2) the impact of the pandemic on the year end forecast; and (3) the risk to delivery of the IJB's financial Plan for 2020/21.

The Chief Financial Officer advised that in relation to the core position, a net forecast underspend of £1.2m was projected due to a small underspend in Health and a £1m operational underspend in Social Care. She advised the reasons for some of the underspends were unintended consequences of Covid and the focus of management teams in remobilisation. She further advised that costs for Covid were forecast to be £7.2m, most of which relating to provider sustainability payments, payments to GPs and additional staffing costs.

R Erskine sought assurance that we were fully compliant with the guidance in relation to Covid and that the manner in which this would impact on the recording of finance relating to core services or to Scottish Government Covid reporting. In response, the Chief Finance Officer advised that guidance is in line at a point in time but that this changes regularly and therefore the next report may be presented in a different format.

**Resolved:**

- (i) The £1.207m projected year-end underspend in relation to the underlying operational position, be noted.
- (ii) The £1.947m projected year end overspend in relation to Covid 19 costs after taking account of confirmed additional Scottish Government funding, be noted.
- (iii) The update regarding the IJB reserves position, be noted.

J PEPPER AND L BAILIE BOTH JOINED THE MEETING DURING THE ABOVE ITEM.

**5.2 CARE AND PROFESSIONAL GOVERNANCE FORUM ANNUAL REPORT 2019/2020**

There was submitted a joint report by the Associate Medical Director and the Chief Social Work Officer (G/20/135) providing an overview of the activity, assurances received, and assurances provided from the P&K Health and Social Care Partnership (HSCP) Care and Professional Governance Forum (CPGF) during the financial year 2019-2020.

**Resolved:**

The activity throughout the year by the Perth and Kinross Health & Social Care Partnership Care & Professional Governance Forum as detailed in Report G/20/135, be noted.

**5.3 PERFORMANCE REPORT FOR SIX-MONTHS TO 30 SEPTEMBER 2020**

There was submitted a report by the Chief Financial Officer (G/20/136) providing an update on the Health and Social Care Partnership's performance for the six months to 30 September 2020 including progress against National and Ministerial Steering Group Indicators.

Ronnie Erskine made reference to the Advanced Nurse Practitioners (ANP) and the sixteen staff to cover the winter period and queried how the recruitment process for these was progressing. In response, L Bailie confirmed that all four ANP posts had been recruited to, advising that many were trainees but would quickly become ANPs. She also confirmed that most of the winter planning recruitment was underway with some challenges, but this would continue.

R Erskine made reference to Mental Health and Wellbeing issues and queried what data is available in relation to mental health incidents across Perth and Kinross and whether there was good source data to address any concerns.

In response, the Chief Officer advised that well developed metrics were in place to gauge the impact of the pandemic and that more intuitive work would take place based on experience and anticipating that the service delivery arrangements will have been impacted by the pandemic.

He further advised that there may be some people who are already connected with services who have become more anxious due to lockdown and contact has been maintained, however it will be inevitable that there will be other people who may be affected and not having reached out for support previously. He further stated that the work which has taken place with Third Sector organisations means that they can provide ways to reach out to more people and ensure that issues can be mitigated before the need for statutory services. S Auld made reference to the issue of data and mental health and stated that there does not seem to be a national position where useable data is collated and queried whether there was an opportunity for the HSCP to lead on this

S Auld made reference to staff wellbeing and queried how this was being monitored. In response, the Chief Officer advised that this is an area that the Partnership was very attentive to. He advised that support was available from managers and colleagues as well as numerous wellbeing resources being made available from parent bodies. He also stated that there was a degree of fatigue starting to set in now as well due to the challenges brought by the virtual world and the lack of personal connections. He further advised that the Partnership was doubling the efforts to provide the essential wellbeing support to all staff.

**Resolved:**

The Health and Social Care Partnership's performance for the six months to 30 September 2020, as detailed in Report G/20/136, be noted.

P KILPATRICK LEFT THE MEETING DURING THE ABOVE ITEM.

#### **5.4 LOCALITY UPDATE SOUTH LOCALITY**

L Bailie, South Locality Manager provided the Committee with a substantial verbal report on the work that has been ongoing in the South Locality.

A video of verbal report can be viewed by clicking on the following [link](#).

The Committee noted the substantial update provided.

#### **6. FOR INFORMATION**

There were submitted and noted the following reports for information:

##### **6.1 AUDIT & PERFORMANCE COMMITTEE WORK PLAN 2020/21 (G/20/137)**

##### **6.2 AUDIT & PERFORMANCE COMMITTEE RECORD OF ATTENDANCE 2020/21 (G/20/138)**

#### **7. PRIVATE DISCUSSION**

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

**9. DATE OF NEXT MEETING**

Monday 15 February 2020 at 9.30am via Microsoft Teams.

DRAFT



## Action Points Update – 15 February 2021

### Perth & Kinross IJB – Audit and Performance Committee (Report No. G/21/1)

Ref.	Min. Ref.	Meeting	Action	Responsibility	Timescale	Revised Timescale	Update/Comments
41	4.1	14/09/20	Briefing paper on absence rates across the partnership and actions being taken to be circulated to Committee members	Head of Adult Social Work & Social Care and Head of Health	30/11/20	31/03/21	This is being progressed with Statutory Partner HR colleagues.
43	4.3	14/09/20	The Chief Internal Auditor to meet with P Kilpatrick to discuss and review the internal audit process	Chief Internal Auditor	30/11/20	15/02/21	Complete
46	4.1	30/11/20	The Chief Officer to discuss the possibility of a joint committee or group with Dundee and Angus IJBs to provide a level of oversight for Tayside-wide Mental Health services with Mental Health Lead and Tayside Executive Partners Group	Chief Officer	21/06/21		The Chief Officer has raised this with the IJB Chair and Vice-Chair and they are supportive of this being explored. The Chief Officer has now written to the Chief Officers of other Tayside IJBs to investigate potential and next steps.

Ref.	Min. Ref.	Meeting	Action	Responsibility	Timescale	Revised Timescale	Update/Comments
47	4.4	30/11/20	The Chief Officer is to consider taking the Strategic Risk Register to the IJB at least once a year	Chief Officer	21/06/21	Complete	This will be provided to the IJB for information at its meeting on 17 <sup>th</sup> February 2021.
48	4.5	30/11/20	A summary setting out the scale and scope of commissioned services to be circulated to members	Head of Adult Social Care and Social Work	30/06/21		This is in progress and will be circulated as soon as possible.



## **PERTH AND KINROSS INTEGRATION JOINT BOARD**

### **AUDIT & PERFORMANCE COMMITTEE**

**15 FEBRUARY 2021**

### **STRATEGIC RISK MANAGEMENT UPDATE**

**Report by Chief Officer (Report No. G/21/2)**

#### **PURPOSE OF REPORT**

The purpose of this report is to submit the refreshed Integration Joint Board (IJB) Strategic Risk Register for consideration and to update the Audit and Performance Committee on the further actions being taken to manage, mitigate and escalate risks.

#### **1. BACKGROUND**

- 1.1** The IJB Strategic Risk Register is reported to the IJB Audit and Performance Committee on a quarterly basis. As a key part of its governance process, the Strategic Risk Register examines the risks that impact on the IJB's ability to deliver its Strategic Commissioning Plan. The IJB's Audit and Performance Committee (APC) oversees risk management arrangements; this includes receipt, review and scrutiny of reports on strategic risks and escalation of any issues that require to be brought to the IJB's attention.

#### **2. MAIN REPORT**

- 2.1** The IJB Strategic Risk Register, a cornerstone of a comprehensive risk process, identifies and assesses risks, and clearly articulates the controls in place to manage them.
- 2.2** At its meeting on the 14<sup>th</sup> September 2020, the Audit and Performance Committee were presented with the COVID-19 Risk Register. It was recognised that these risks and actions would have significant implications for the management of the IJB's wider Strategic Risks. As such, the Executive Management Team (EMT) undertook a review of the existing Strategic Risks taking into account the risks identified during the COVID-19 pandemic

**2.3** The Audit and Performance Committee were then presented with the IJB's refreshed Strategic Risks on 30<sup>th</sup> November 2020. These 13 strategic risks were developed taking into account the IJB's previous Strategic Risks as well as the risks identified during the COVID-19 pandemic. The Committee were informed that further work to refine the Strategic Risk Register was necessary. In particular, risk owners were encouraged to take a proactive approach to risk by:

- a) self-assessing the effectiveness of current mitigating controls and refining as necessary to diminish risk impact and/or probability and;
- b) identifying and implementing action plans to address residual risk.

**2.4** The redeveloped Strategic Risk Register is attached at Appendix 1. The format of the Risk Register has been amended to provide a more concise view of the existing risk control measures. A risk overview section also being added which provides context in respect to the status of the risk overall.

**2.5** Another element of the work undertaken is the creation of a "strategic risk improvement plan". This tool is designed to assist risk owners identify their course of action for managing their assigned risk(s). Listed actions will help reduce the likelihood of these risks occurring and lessen their impact if they do occur. The plan has been created to ensure that the agreed actions are carried out in a timely manner. Due to capacity issues resulting from the Partnership's continuing response to the Covid-19 pandemic, the improvement plan has not yet been fully finalised but will form a key part of the Strategic Risk Register moving forward.

### **3. NEXT STEPS**

The risk scores, controls and improvement actions for each of the risks will be reviewed and updated by risk owners, supporting forums and the Executive Management Team as per the frequency set out in the reviewing and reporting schedule included in the Partnership's Risk Management Framework.

### **4. RECOMMENDATIONS**

The Audit and Performance Committee is asked to:

- i) Note the continued development of the IJB Strategic Risk Register and associated Strategic Risk Improvement Plan.

#### **Author(s)**

<b>Name</b>	<b>Designation</b>	<b>Contact Details</b>
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#### **Appendices**

Appendix 1 – Perth & Kinross IJB Strategic Risk Register





# **Perth & Kinross Health and Social Care Partnership Strategic Risk Register**

**Version 2.23**

## Perth & Kinross Health and Social Care Partnership

Risk Ref.	Risk	EMT Risk Owner	Priority	Status
<a href="#">SR01</a>	<u>FINANCIAL RESOURCES</u> : There are insufficient financial resources to deliver the objectives of the Strategic Plan.	Chief Financial Officer	1	↔
<a href="#">SR02</a>	<u>WORKFORCE</u> : As a result of our ageing workforce, difficulties in recruiting suitably skilled and experienced staff in some areas, and the impact of COVID-19, there is a risk that the Partnership will be unable to maintain its workforce appropriately leading to unsustainable services.	Head of Health	1	↔
<a href="#">SR03</a>	<u>SAFE WORKING</u> : There is a risk that COVID-19 restrictions on safe working practice and social distancing leads to a reduction in service provision inhibiting the ability of the Partnership to achieve its strategic aims.	Head of Health	3	↔
<a href="#">SR04</a>	<u>SUSTAINABLE CAPACITY AND FLOW</u> : As a result of the demographics of the people who use our services in Perth and Kinross and the impact of COVID-19 on our population there is a risk of 'capacity and flow' within our services being unsustainable.	Head of Adult Social Work	2	↔
<a href="#">SR05</a>	<u>SUSTAINABLE DIGITAL SOLUTIONS</u> : As a result of being insufficiently digitally enabled or integrated there is a risk that the Partnership will not be able to adapt effectively and efficiently to deliver new models of working.	Head of Adult Social Work	2	↔
<a href="#">SR06</a>	<u>VIABILITY OF EXTERNAL PROVIDERS</u> : As a result of social care market conditions, availability of services, and COVID-19, there is a risk that external providers of care will not be able to meet people's assessed needs in the most appropriate way.	Head of Adult Social Work	2	↔
<a href="#">SR07</a>	<u>INSUFFICIENT PREPAREDNESS FOR FUTURE COVID-19 (OR OTHER PANDEMIC) PRESSURES</u> : Due to the scale of future COVID-19 outbreaks being unknown, there is a risk that preparations to sustain service provision will be insufficient.	Chief Officer	2	↔
<a href="#">SR08</a>	<u>WIDENING HEALTH INEQUALITIES</u> : As a consequence of COVID-19 there is a risk that health inequalities widen significantly.	Chief Officer	2	↔
<a href="#">SR09</a>	<u>LEADERSHIP TEAM CAPACITY</u> : As a result of insufficient capacity in the Leadership Team there is a risk that the clear direction and leadership required to achieve the vision for integration is not achieved.	Chief Officer	1	↔
<a href="#">SR10</a>	<u>CORPORATE SUPPORT</u> : As a result of insufficient Corporate staff resource there is a risk that functions (such as improvement and project support, robust administration as well as core corporate duties such as performance, risk management, strategic planning, governance and audit) will be Service unable to deliver as required to achieve strategic objectives.	Chief Financial Officer	1	↔
<a href="#">SR11</a>	<u>PRIMARY CARE</u> : As a result of insufficient suitable and sustainable premises, and a lack of available national and cross-system flow of financial support, there is a risk that we will not be able to provide, within the legislative timeframe, the necessary services as defined within the 2018 General Medical Services Contract.	Clinical / Associate Medical Director	1	↔
<a href="#">SR12</a>	<u>EU WITHDRAWAL</u> : There is a risk that the UK will leave the EU without the necessary provisions in place to safeguard supplies, protect staff and reduce the effects of vulnerable UK citizens returning to the area, impacting on the ability of the IJB to ensure the sustainable delivery of Health and Care Services.	Head of Health	3	↔
<a href="#">SR13</a>	<u>INPATIENT MENTAL HEALTH SERVICES</u> : There is a risk that due to the complexity of the governance arrangements for Inpatient Mental Health Services Perth and Kinross IJB will not be able to meet its Strategic Planning responsibilities.	Chief Officer	3	↔

# Perth & Kinross Health and Social Care Partnership

## SR01: FINANCIAL RESOURCES

**Risk Owner:** Chief Financial Officer  
**Corporate Business Partner:** Finance Manager

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 4 weekly

**Description of Risk:** There are insufficient financial resources to deliver the objectives of the Strategic Plan

**Risk Related to Achievement of Strategic Aim:** Making best use of available facilities, people and other resources

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 1**

**Risk Movement:** (↑, ↔, ↓)

↔ **No Change**

**Risk Exposure Rating Priority 1:** Risk remains extreme even after all identified controls and treatments have been applied. There are significant risks, which may have a serious impact on the Partnership and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)
5	5	5	4
Inherent Score: 25		Residual Score: 20	

Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low	Low	Medium	High	Very High
Probability						

### Existing Controls:

- Financial Plan is approved annually by the IJB as part of a 3 Year Financial Plan
- Annual Budget Negotiation Process (PKC & NHST) is supported by robust budget review/due diligence process
- Effective member and officer working on development of the Budget through IJB BRG Process
- Financial Position is reported to each meeting of the IJB and is a standard item on the agenda.
- An IJB Reserves Strategy is in place.
- Regular informal meetings with NHS Tayside Director of Finance and PKC Head of Finance

### Risk Overview:

The public sector economic landscape has been challenging for a number of years and the impact of demographic growth places an increasing pressure on demand for health and social care services in particular. Therefore the inherent Financial Resources risk is extreme. Controls are in place to reduce the risk exposure and they are working effectively, however they have a limited effect in reducing the overall residual score of the risk. Furthermore the financial implications of Covid are not yet fully known and may further raise the exposure level of this risk. As such the risk remains extreme and will be monitored and assessed at regular intervals.

**Existing control rating:**  – Controls are working effectively.

# Perth & Kinross Health and Social Care Partnership

## SR02: WORKFORCE

**Risk Owner:** Head of Health  
**Corporate Business Partner:** Service Manager (Business Planning and Performance)

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 4 weekly

**Description of Risk:** As a result of our ageing workforce, difficulties in recruiting suitably skilled and experienced staff in some areas, and the impact of COVID-19, there is a risk that the Partnership will be unable to maintain its workforce appropriately leading to unsustainable services

**Risk Related to Achievement of Strategic Aim:** 5. Making best use of available facilities, people and other resources

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 1**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 1:** Risk remains extreme even after all identified controls and treatments have been applied. There are significant risks, which may have a serious impact on the Partnership and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
Inherent Score: 25		Residual Score: 20		Probability						

### Existing Controls:

- Current workforce development strategy is being revised and updated to reflect future needs in line with Scottish Government deadline of 31 March 2022
- SLWG in place to Commence the refresh of the partnership Workforce Development Strategy and development plan
- Established, robust recruitment processes in place within statutory partner organisations

### Risk Overview:

Due to the extreme pressures experienced through the Covid pandemic shortages in the availability of suitably qualified and experienced staff to sustain services is an extreme risk. Beyond the pandemic shortages in the available workforce is recognised nationally in respect to Health and Care Services. Although the current controls seek to reduce our exposure their effect is limited by the acute nature of this risk when considering, for example, current Covid pressures, rising demands for services and the age profile of our workforce. The therefore remains an extreme risk.

**Existing control rating:**  - Significant Controls not operating effectively

# Perth & Kinross Health and Social Care Partnership

## SR03: SAFE WORKING

**Risk Owner:** Head of Health  
**Corporate Business Partner:** Governance and Risk Coordinator

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 12 weekly

**Description of Risk:** There is a risk that COVID-19 restrictions on safe working practice and social distancing leads to a reduction in service provision inhibiting the ability of the Partnership to achieve its strategic aims.

**Risk Related to Achievement of Strategic Aim:** Making best use of available facilities, people and other resources

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 3**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 3:** Risk is manageable after controls have been applied. Although usually accepted, these risks may require some additional mitigating to reduce probability if this can be done cost effectively. Reassess to ensure conditions remain the same and existing actions are operating effectively.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
5	5	3	3		Probability					
Inherent Score: 25		Residual Score: 9								

### Existing Controls:

- Perth & Kinross HSCP Health and Safety Group – providing oversight of partnership wide Safe Working, including compliance with Scottish Government guidance
- Statutory Partner Policies and Procedures on Health and Safety and Safer Working are in place having been reviewed in respect to COVID-19 pandemic.
- HSCP membership and attendance at Statutory Partner Health and Safety Committees/Groups which provide oversight of staffing/employer health and safety compliance
- P&K HSCP Partnership Forum – Health and Safety and Safer working is a key consideration of the Forum.

### Risk Overview:

Actions put in place near the beginning of the Covid-19 pandemic such as the completion of all physical distancing risk assessments for all health and social care settings, strict compliance with Scottish Government Safer Working guidelines and statutory partner policies and procedures have reduced the risk exposure to a manageable level. The Partnership continues to be engage with statutory partners to maintain control effectiveness and the risk will continue to be monitored and assessed.

**Existing control rating:** **A** – Controls are working effectively.

# Perth & Kinross Health and Social Care Partnership

## SR04: SUSTAINABLE CAPACITY AND FLOW

**Risk Owner:** Head of Health  
**Corporate Business Partner:** Service Manager (Business Planning and Performance)

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 8 weekly

**Description of Risk:** As a result of the demographics of the people who use our services in Perth and Kinross and the impact of COVID-19 on our population there is a risk of 'capacity and flow' within our services being unsustainable.

**Risk Related to Achievement of Strategic Aim:**

1. Working together with Communities
2. Prevention and Early Intervention
3. Person-centred health, care and support
4. Reducing Inequalities and unequal health outcomes and promoting healthy living

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 2**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 2:** There are significant risks, which may have a serious impact on the Partnership or Service Delivery and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
5	5	5	3		Probability					
Inherent Score: 25		Residual Score: 15								

### Existing Controls:

- HSCP Capacity and Flow strategic portfolio provides local management, ownership and control of the whole system that supports capacity and flow through our services
- Perth and Kinross HSCP Transformation Board provides scrutiny, support and governance in respect to the approved transformation programme.
- NHS Tayside Unscheduled Care Board supports the wider development of strategic direction.
- HSCP Performance Framework details the key performance measures which relate to Capacity and Flow. These are reviewed routinely across the organisation
- Winter Planning Group oversees the Winter Plan and ensures that services are fit for purpose.

### Risk Overview:

The inherent Capacity and Flow risk is significant. The Covid pandemic is continuing to have a significant impact operationally on Capacity and Flow within our services and whilst Controls are in place to mitigate the likelihood of the risk event occurring, they are not sufficiently effective to reduce the residual risk below the risk appetite. Improvement actions have been identified and are being taken forward within the Capacity and Flow strategic portfolio but the risk remains significant.

**Existing control rating:** **B** - Not all controls are fully effective

# Perth & Kinross Health and Social Care Partnership

## SR05: SUSTAINABLE DIGITAL SOLUTIONS

**Head of Adult Social Work**  
Corporate Business Partner: Service Manager (Business Improvement)

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 8 weekly

**Description of Risk:** As a result of being insufficiently digitally enabled or integrated there is a risk that the Partnership will not to be able to adapt effectively and efficiently to deliver new models of working.

**Risk Related to Achievement of Strategic Aim:**

1. Working together with Communities
2. Prevention and Early Intervention
3. Person-centred health, care and support
4. Reducing Inequalities and unequal health outcomes and promoting healthy living

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 2**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 2:** These are significant risks, which may have a serious impact on the Partnership or Service Delivery and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
Inherent Score: 20		Residual Score: 12		Probability						

### Existing Controls:

- PKHSCP Technology Enabled Care Digital Strategy Group develops and directs strategy.
- PKHSCP TEC/Digital Portfolio Strategic Action Plan is a scheduled agenda item on EMT, EOT, PKC Digital Board
- Members of the TEC Digital Strategy Group are members of the NHST/LA Tayside Digital Transformation Partnership (TDTP)
- PKC Information Governance has oversight and supplies guidance.
- PKHSCP TEC Digital Steering Group Scrutinises and escalates to Strategy group as required
- Signed Data Sharing Agreements are in place between NHST/PKC/PKHSCP/ISD and between PKC/NHS NSS/Scottish Government

### Risk Overview:

The inherent risk of insufficient digital enablement is extreme; however the effectiveness of existing controls has reduced our risk exposure. The risk remains significant so further improvement actions are being developed to reduce the level of risk further. The risk will continue to be monitored and assessed due to the pace of change in this environment.

Existing control rating: **B** - Not all controls are fully effective

# Perth & Kinross Health and Social Care Partnership

## SR06: VIABILITY OF EXTERNAL PROVIDERS

**Risk Owner:** Head of Adult Social Work  
**Corporate Business Partner:** Business and Resources Manager

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 8 weekly

**Description of Risk:** As a result of social care market conditions, availability of services, and COVID-19, there is a risk that external providers of care will not be able to meet people's assessed needs in the most appropriate way.

**Risk Related to Achievement of Strategic Aim:**

1. Working together with Communities
2. Prevention and Early Intervention
3. Person-centred health, care and support
4. Reducing Inequalities and unequal health outcomes and promoting healthy living
5. Making best use of available facilities, people and other resources

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 2**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 1:** There are significant risks, which may have a serious impact on the Partnership or Service Delivery and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
Inherent Score: 25		Residual Score: 15			Probability					

### Existing Controls:

- Local and national contractual arrangements provide a recognised framework for commissioned services
- Maintenance of strong and supportive relationships with providers create routine and regular opportunities to highlight issues of concern
- Care Home oversight group which provides routine and regular monitoring service provision
- Commissioned Services Board provides strategic oversight of commissioned services
- HSCP COVID-19 Governance arrangements which provide direction, scrutiny, oversight and support to ensure sustainability of providers

### Risk Overview:

The inherent risk is extreme and the current pressures being experienced as a consequence of the Covid pandemic determine that, despite the effectiveness of current controls, the residual risk remains high. Immediate measures are being taken to provide significant levels of support to our external providers and improvement actions have been identified to stabilise the situation and mitigate the risk further.

**Existing control rating:** **B** - Not all controls are fully effective



# Perth & Kinross Health and Social Care Partnership

## SR07: INSUFFICIENT PREPAREDNESS FOR FUTURE COVID-19 (OR OTHER PANDEMIC) PRESSURES

**Risk Owner:** Chief Officer  
**Corporate Business Partner:** Service Manager (Business Planning and Performance)

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 8 weekly

**Description of Risk:** Due to the scale of future COVID-19 outbreaks being unknown, there is a risk that preparations to sustain service provision will be insufficient.

**Risk Related to Achievement of Strategic Aim:** 4. Reducing inequalities and unequal health outcomes and promoting healthy living  
5. Making best use of available facilities, people and other resources

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 2**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 2:** There are significant risks, which may have a serious impact on the Partnership or Service Delivery and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
Inherent Score: 25		Residual Score: 10			Probability					

### Existing Controls:

- HSCP Workforce sickness absence modelling provides early warning of potential staffing shortages in light of Scottish Government pandemic modelling
- HSCP Workforce Matching Unit created as part of initial pandemic response to provide assurance to HSCP Executive Leadership of sustainability of services and to coordinate the movement between services where necessary
- COVID-19 Governance Command, Control and Communication Structure including strong links with Statutory partner command structures, ensures robust cross system sightedness of emerging issues and decision making.
- Local Resilience Partnership serves as a Regional Gold Command. HSCP Membership of this group ensures high level insight to emerging issues and decision making and links to wider statutory partners at a strategic level.

### Risk Overview:

The measures taken to manage our response to the COVID-19 pandemic has provided insight into what is needed to sustain services despite the challenges faced. Given the controls which are now in place, the level of risk is reduced to a large extent but due to the unpredictability of the pandemic it still remains significant

**Existing control rating:** **B** - Not all controls are fully effective

# Perth & Kinross Health and Social Care Partnership

## SR08: WIDENING HEALTH INEQUALITIES

**Risk Owner:** Chief Officer  
**Corporate Business Partner:** Business and Resources Manager

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 8 Weekly

**Description of Risk:** As a consequence of COVID-19 there is a risk that health inequalities widen significantly.

**Risk Related to Achievement of Strategic Aim:** 4. Reducing inequalities and unequal health outcomes and promoting healthy living

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 2**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 1:** Risk remains extreme even after all identified controls and treatments have been applied. There are significant risks, which may have a serious impact on the Partnership and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
4	5	3	4		Probability					
Inherent Score: 20		Residual Score: 12								

### Existing Controls:

- Strategic Commissioning Plan 2019 documents the strategic ambitions of the IJB including those which relate to health inequalities.
- The HSCP COVID-19 Remobilisation Plan records the actions taken to mobilise services in response to the pandemic.
- The Equalities Strategic Forum provides a platform to ensure that local equality protected groups are represented effectively. This forum contains broad representation across the Community Planning Partnership including from statutory and third sector partners.
- Perth and Kinross Equalities, Empowerment and Fairness workstream (within the Recovery and Renewal agenda) focuses efforts across Council Services in respect to Equalities.

### Risk Overview:

The COVID-19 pandemic has created unparalleled pressures on services and communities. The result of these pressures is not yet known or fully understood but the inherent risk of health inequalities widening is extreme. Existing controls which are in place to mitigate this risk are assisting us to better understanding where inequalities exist and consequently how best we can reduce them. The risk however remains significant.

**Existing control rating:** **B** - Not all controls are fully effective

## SR09: LEADERSHIP TEAM CAPACITY

**Risk Owner:** Chief Officer  
**Corporate Business Partner:** Chief Financial Officer

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** as per priority

**Description of Risk:** : As a result of insufficient capacity in the Leadership Team there is a risk that the clear direction and leadership required to achieve the vision for integration is not achieved.

**Risk Related to Achievement of Strategic Aim:** 5. Making best use of available facilities, people and other resources

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 1**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 1:** Risk remains extreme even after all identified controls and treatments have been applied. There are significant risks, which may have a serious impact on the Partnership and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
5	4	4	4		Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
<b>Inherent Score: 20</b>		<b>Residual Score: 16</b>			<b>Probability</b>					

### Existing Controls:

- HSCP Senior Leadership Team in place in the form of the Executive Management Team
- Chief Officer meets regularly with Chief Executive of both PKC and NHS Tayside including discussion on leadership resources
- Regular reporting on Partnership Improvement Plan to IJB Audit & Performance Committee including key actions to increase leadership capacity
- HSCP Covid Gold Command provide ongoing oversight of additional leadership required to support Covid Response and Remobilisation

### Risk Overview:

Controls are in place which have slightly reduced the risk exposure but the residual risk remains extreme. The issue has been formally recognised and documented by External Audit and Inspection. Ongoing discussions with both partner bodies are taking place to address the risk although the pandemic and recruitment issues have impacted progress.

**Existing control rating:** **B** - Not all controls are fully effective

# Perth & Kinross Health and Social Care Partnership

## SR10: CORPORATE SUPPORT

**Risk Owner:** Chief Financial Officer  
**Corporate Business Partner:** Business & Resources Manager

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 4 weekly

**Description of Risk:** As a result of insufficient Corporate staff resource there is a risk that functions such as improvement and project support, robust administration as well as core corporate duties such as performance, risk management, strategic planning, governance and audit, will be unable to deliver as required to achieve strategic objectives.

**Risk Related to Achievement of Strategic Aim:** 5. Making best use of available facilities, people and other resources

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 1**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 1:** Risk remains extreme even after all identified controls and treatments have been applied. There are significant risks, which may have a serious impact on the Partnership and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
Inherent Score: 20		Residual Score: 16			Probability					

### Existing Controls:

- PKC and NHST have delegated a level of corporate support for local management by PKHSCP
- Corporate Support Agreement in place between PKIJB and NHST/PKC
- Chief Officer meets regularly with Chief Executive of both PKC and NHS Tayside including discussion on leadership and supporting resources
- Corporate Management Team oversee regular review and reporting to Executive Management Team on Corporate Support and prioritisation of existing resources
- Regular reporting on Partnership Improvement Plan to IJB Audit & Performance Committee
- PKHSCP Covid Gold Command provide ongoing oversight of additional leadership and supporting corporate support required to support Covid Response and Remobilisation
- The Annual Budget Setting Process captures all essential pressures/ investments including essential corporate support needs.
- The Covid Remobilisation Plan Process captures essential investment in increased corporate support capacity to ensure effective response and remobilisation.

### Risk Overview:

External Audit and Inspection has been helpful in formally recognising material shortfall in levels of corporate support across a number of key areas. Whilst this is actively being addressed through ongoing discussions with partner bodies and the annual financial planning process, immediate increased capacity driven by Covid response is identified as part of the Local Remobilisation Plan.

**Existing control rating:** **B** - Not all controls are fully effective

# Perth & Kinross Health and Social Care Partnership

## SR11: PRIMARY CARE

**Risk Owner:** Clinical / Associate Medical Director  
**Corporate Business Partner:** Service Manager (Business Planning and Performance)

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 4 weekly

**Description of Risk:** As a result of insufficient suitable and sustainable premises, and a lack of available national and cross-system flow of financial support, there is a risk that we will not be able to provide, within the legislative timeframe, the necessary services as defined within the 2018 General Medical Services Contract.

**Risk Related to Achievement of Strategic Aim:**

1. Working together with our communities
2. Prevention and early intervention
3. Person-centred health, care and support
4. Reducing inequalities and unequal health outcomes and promoting healthy living
5. Making the best use of available facilities, people and other resources

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 1**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 1:** Risk remains extreme even after all identified controls and treatments have been applied. There are significant risks, which may have a serious impact on the Partnership and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
4	4	4	4		Probability					
Inherent Score: 16		Residual Score: 16								

### Existing Controls:

- Perth and Kinross HSCP Primary Care Board fulfils the responsibility of a Programme Board overseeing the Implementation of the Primary Care Improvement Plan, including 2018 General Medical Services Contract
- Regular engagement with Local Medical Committee which jointly approves the development and implementation of new services in support of the 2018 General Medical Services contract
- The Pan-Tayside 2018 General Medical Services Contract Implementation Group assists in the management and delivery of Tayside/HSCP Programmes
- NHS Tayside Primary Care Board considers highlight reports from each HSCP including escalation of risks
- Integration Joint Board - annual report on Primary Care Implementation Plan details progress and issues/risks affecting delivery
- Scottish Government – 6 monthly report on Primary Care Implementation Plan details progress and issues/risks affecting
- Locality Management Team meet regularly to resolve/highlight operational delivery issues
- NHS Tayside governance structure for premises and asset management provides the mechanism for submission of Primary Care premises strategic Plan
- NHS Tayside – over time improving sustainability of GP practice premises by replacing GPs as premises lease holders

### Risk Overview:

The risk to primary care services relates to a number of issues with no single cause or solution. The complex and broad nature of this requires a manifold response internally within statutory partners, and externally at a national level. Control measures are in place but they are not fully effective and so improvement actions have been identified. The risk remains extreme.

# Perth & Kinross Health and Social Care Partnership

## SR12: EU WITHDRAWAL

**Risk Owner:** Heads of Service  
**Corporate Business Partner:** Governance & Risk Coordinator

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc  
**Frequency of Review:** 12 weekly

**Description of Risk:** There is a risk that the UK will leave the EU without the necessary provisions in place to safeguard supplies, protect staff and reduce the effects of vulnerable UK citizens returning to the area, impacting on the ability of the IJB to ensure the sustainable delivery of Health and Care Services.

**Risk Related to Achievement of Strategic Aim:** 5. Making best use of available facilities, people and other resources

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 3**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 3:** Risk is manageable after controls have been applied. Although usually accepted, these risks may require some additional mitigating to reduce probability if this can be done cost effectively. Reassess to ensure conditions remain the same and existing actions are operating effectively.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
Inherent Score: 16		Residual Score: 8			Probability					

### Existing Controls:

- NHS Tayside EU Exit Group collaborates with partners at a national level and provides direction and oversight in respect to preparedness.
- Perth and Kinross Council Brexit Group has HSCP representation and provides direction and oversight for all PKC services, facilities and citizens and covers everything from settled status to regulatory services, care homes and data storage.
- Tayside Local Resilience Partnership Working Group on EU Exit provides regional coordination and oversight of preparedness across wider statutory partner organisations
- HSCP Governance arrangements are in place to ensure local coordination within services and partners including GP Practices.

### Risk Overview:

The uncertainty of future trading arrangements between the UK and EU meant the inherent risk to the sustainability of services is extreme. The controls which are in place combined, with the emergent trade agreement, have reduced the residual risk score to a manageable level.

**Existing control rating:** A - Controls are working effectively

# Perth & Kinross Health and Social Care Partnership

## SR13: INPATIENT MENTAL HEALTH SERVICES

**Risk Owner:** Chief Officer  
**Corporate Business Partner:** Chief Financial Officer

**Date Added to Register:** 22 Oct 2020  
**Review Date:** tbc as per priority  
**Frequency of Review:** 12 weekly

**Description of Risk:** There is a risk that due to the complexity of the governance arrangements for Inpatient Mental Health Services Perth and Kinross IJB will not be able to meet its Strategic Planning responsibilities.

**Risk Related to Achievement of Strategic Aim:**

1. Working together with our communities
2. Prevention and Early Intervention
3. Person-centred health, care and support
4. Reducing inequalities and unequal health outcomes and promoting healthy living

**Current Risk Rating:** (priority 1, 2, 3 or 4)

**PRIORITY 3**

**Risk Movement:** (↑, ↔, ↓)

↔ No Change

**Risk Exposure Rating Priority 3:** Risk is manageable after controls have been applied. Although usually accepted, these risks may require some additional mitigating to reduce probability if this can be done cost effectively. Reassess to ensure conditions remain the same and existing actions are operating effectively.

Inherent Impact (1-5)	Inherent Probability (1-5)	Residual Impact (1-5)	Residual Probability (1-5)	Impact	Critical	5	10	15	20	25
					Major	4	8	12	16	20
					Moderate	3	6	9	12	15
					Minor	2	4	6	8	10
					Insignificant	1	2	3	4	5
						Very Low	Low	Medium	High	Very High
4	4	3	3		Probability					
Inherent Score: 16		Residual Score: 9								

### Existing Controls:

- The IJB has in place an Integration Scheme agreed by both NHS Tayside and Perth & Kinross Council
- Tayside Mental Health Oversight Group includes membership from NHS Tayside, 3 Local Authorities and 3 IJB's
- PKHS CP Head of Health is a member of the Inpatient Mental Health Leadership Team
- Mental Health (including Inpatient Services) is a standard item on the IJB Agenda

### Risk Overview:

The complex governance arrangements concerning Inpatient Mental Health Services meant that the inherent risk exposure was extreme. However the Review of the Integration Scheme for all 3 IJBs in Tayside will seek to clarify the governance arrangements and this, along with the other control measures currently in place, has allowed the risk exposure to be reduced to a manageable level. The control effectiveness and the progress of the review will continue to be monitored and assessed to ensure the risk remains manageable.

**Existing control rating:**  - Controls are working effectively

# Perth & Kinross Health and Social Care Partnership

Risk Rating Matrix			Residual Score	Inherent Score										
Risk	Risk Title	Risk Owner	Risk Exposure – no controls	Feb 2021	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21
<a href="#">SR01</a>	Financial Resources	Chief Financial Officer	25 (5x5) RED	20 (5x4) RED										
<a href="#">SR02</a>	Workforce	Head of Health	25 (5x5) RED	20 (5x4) RED										
<a href="#">SR03</a>	Safe Working	Head of Health	25 (5x5) RED	9 (3x3) YELLOW										
<a href="#">SR04</a>	Sustainable Capacity And Flow	Head of Adult Social Work	20 (5x5) RED	15 (5X3) AMBER										
<a href="#">SR05</a>	Sustainable Digital Solutions	Head of Adult Social Work	20 (5x4) RED	12 (4X3) AMBER										
<a href="#">SR06</a>	Viability Of External Providers	Head of Adult Social Work	25 (5x5) RED	15 (5X3) AMBER										
<a href="#">SR07</a>	Insufficient Preparedness For Future Covid-19 (Or Other Pandemic) Pressures	Chief Officer	25 (5x5) RED	10 (5x2) AMBER										
<a href="#">SR08</a>	Widening Health Inequalities	Chief Officer	20 (4x5) RED	12 (3X4) AMBER										
<a href="#">SR09</a>	Leadership Team Capacity	Chief Officer	20 (5x4) RED	16 (4X4) RED										
<a href="#">SR10</a>	Corporate Support	Chief Financial Officer	20 (5x4) RED	16 (4X4) RED										
<a href="#">SR11</a>	Primary Care	Clinical / Associate Medical Director	16 (4x4) RED	16 (4x4) RED										
<a href="#">SR12</a>	EU Withdrawal	Head of Health	16 (4x4) RED	8 (4x2) YELLOW										
<a href="#">SR13</a>	Inpatient Mental Health Services	Chief Officer	16 (4x4) RED	9 (3x3) YELLOW										



## Background

Risk management is an indispensable element of good management. As such, its implementation is crucial to the Perth and Kinross Health and Social Care Partnership (PKHSCP) and essential to its ability to discharge its responsibilities. It is about improving PKHSCP's ability to deliver outcomes by managing our threats, enhancing our opportunities and creating an environment that adds value and is a key part of corporate governance.

Good risk management will help identify and deal with key risks facing the PKHSCP in the pursuit of its goals and not simply a compliance exercise.

As part of good corporate governance an organisation is required to demonstrate that risk management is an integral part of its activity. This requires risk management to be embedded within the culture of the Partnership.

## Appetite

Perth & Kinross Health and Social Care Partnership's risk appetite in relation to its key areas of strategic risk is set out in table 1 below. Where risks fall in amber or red (priorities 1 & 2), consideration is given to the effectiveness of controls and any actions required.

Table 1.

Risk Scoring Grid						
Impact	Critical	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5
		Very Low / Very remote	Low / Remote	Medium / Possible	High / Probable	Very High / Almost Certain
Probability						

## Risk Exposure Rating

Risks are prioritised as to where they fall on the Risk Scoring Grid:

**Priority 1** Risk remains extreme even after all identified controls and treatments have been applied. There are significant risks, which may have a serious impact on the Partnership and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

**Priority 2** There are significant risks, which may have a serious impact on the Partnership or Service Delivery and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of net risk.

**Priority 3** Risk is manageable after controls have been applied. Although usually accepted, these risks may require some additional mitigating to reduce probability if this can be done cost effectively. Reassess to ensure conditions remain the same and existing actions are operating effectively.

**Priority 4** Appropriate controls keep the risk low / negligible. These risks are being effectively managed and any further action to reduce the risk would be inefficient in terms of time and resources. Ensure conditions remain the same and existing actions are operating effectively.

## Controls and Actions

Where controls have been put in place to treat a risk, consideration is given on how this will affect the risk:

- Reduces impact of the consequences should the risk materialise
- Reduces the probability of the risk occurring

The effectiveness of the controls are rated to determine any actions required to ensure effectiveness via the scale set out in table 2 below:

Table 2.

Controls	
D	Significant Controls do not exist or have broken down
C	Significant controls not operating effectively
B	Not all controls are fully effective
A	Controls are working effectively





Report No. G/21/3

# Perth and Kinross Integration Joint Board

Audit strategy

Year ending 31 March 2021

For Audit and Performance Committee consideration on 15 February 2021

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## About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the Code").

This report is for the benefit of Perth and Kinross Integration Joint Board and is made available to Audit Scotland and the Controller of Audit (together "the Beneficiaries"). This report has not been designed to be of benefit to anyone except the Beneficiaries. In preparing this report we have not taken into account the interests, needs or circumstances of anyone apart from the Beneficiaries, even though we may have been aware that others might read this report. We have prepared this report for the benefit of the Beneficiaries alone.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scoping and purpose section of this report.

This report is not suitable to be relied on by any party wishing to acquire rights against KPMG LLP (other than the Beneficiaries) for any purpose or in any context. Any party other than the Beneficiaries that obtains access to this report or a copy (under the Freedom of Information Act 2000, the Freedom of Information (Scotland) Act 2002, through a Beneficiary's Publication Scheme or otherwise) and chooses to rely on this report (or any part of it) does so at its own risk. To the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the Beneficiaries.

## Restrictions on distribution

This report is intended solely for the information of those charged with governance of the Board and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

## Complaints

If at any time you would like to discuss with us how our services can be improved or if you have a complaint about them, you are invited to contact Michael Wilkie, who is the engagement leader for our services to Perth and Kinross Integration Joint Board, telephone 0141 300 5890 email: [michael.wilkie@kpmg.co.uk](mailto:michael.wilkie@kpmg.co.uk), who will try to resolve your complaint. If your problem is not resolved, you should contact Hugh Harvie, our Head of Audit in Scotland, either by writing to him at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG or by telephoning 0131 527 6682 or email to [hugh.harvie@kpmg.co.uk](mailto:hugh.harvie@kpmg.co.uk). We will investigate any complaint promptly and do what we can to resolve the difficulties. After this, if you are still dissatisfied with how your complaint has been handled you can refer the matter to Diane McGiffen, Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN.

# Introduction

2020-21 is the fifth year of our external audit appointment to Perth and Kinross Integration Joint Board ("the Board"), having been appointed by the Accounts Commission as auditor of the Board under the Local Government (Scotland) Act 1973 ("the Act"). The period of appointment is 2016-17 to 2021-22, inclusive, as extended by Audit Scotland.

## Our planned work in 2020-21 will include:

- an audit of the financial statements and provision of an opinion on whether the financial statements:
  - give a true and fair view in accordance with the applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom ("the 2020-21 Code") of the state of the affairs of the Board as at 31 March 2021 and of the income and expenditure of the Board for the year then ended; and
  - have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, as interpreted and adapted by the 2020-21 Code, the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014 and the Local Government in Scotland Act 2003.
- completion of returns to Audit Scotland;
- a review and assessment of the Board's governance arrangements and review of the governance statement;
- a review of arrangements for preparing and publishing statutory performance information; and
- contributing to the audit of wider scope and Best Value through performance of risk assessed work.

## How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks

to the quality of our audit in our engagement risk assessment and planning discussions.

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We define 'audit quality' as being the outcome when audits are:

- executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls; and
- all of our related activities are undertaken in an environment of the outmost level of objectivity, independence, ethics and integrity.

## Adding value

Throughout the audit, we will consider opportunities to add value and will conclude on this in our annual audit report. We add value through:

- our experience, which brings insight and challenge;
- our tools and approach, which contribute to audit quality; and
- transparency and efficiency, which improves value for money.

## Our team

The team has significant experience in the audit of local authorities and integration joint boards. All members of the team are part of our wider local government and health network. The engagement lead is Michael Wilkie, and is responsible for the audit opinion, and engagement manager is Christopher Windeatt, both with several years' experience within the public sector and specifically in respect of integration joint boards. Their contact details are provided on the back page of this report.

Our work will be completed in three phases from December 2020 to September 2021. Our key deliverables are this audit strategy document and an annual audit report.

## Acknowledgements

We would like to take this opportunity to thank officers and members for their continuing help and co-operation throughout our audit work.

# Headlines

## Materiality

Materiality for planning purposes has been based on 2019-20 gross expenditure and set at £2.1 million (1% of gross expenditure). We will review gross expenditure on receipt of draft accounts for 2020-21, and assess whether we are required to update this calculated materiality.

In line with the Code of Audit Practice, we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance and this threshold has been set at £0.1 million.

[Page six](#)

## Audit risks

We have identified management override of controls as a default fraud risk which requires specific audit attention, in line with the International Standards on Auditing ("ISA") and plan to consider this risk as part of our standard audit approach.

The risks with less likelihood of giving rise to a material error, but which are nevertheless worthy of audit understanding, relate to:

- completeness and accuracy of expenditure;
- financial sustainability; and
- Covid-19 related grants.

We plan to consider each of these areas, and will report on our findings in our annual audit report which we plan to issue in September 2021.

[Pages seven to nine](#)

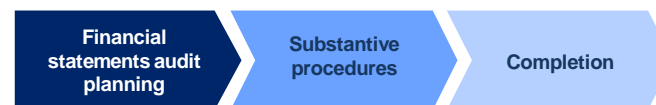
## Financial statement audit

Our financial statements audit work follows a three stage audit process which is identified below. [Appendix three](#) provides more detail on the activities that this includes. This report concentrates on the audit planning stage of the financial statements audit.



These stages are:

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There are no significant changes to the 2020-21 Code, which means for this year there is consistency in terms of accounting standards the Board needs to apply.

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## Wider scope

Auditors are required to assess and provide conclusions in the Annual Audit Report in respect of four wider scope dimensions:

- financial sustainability;
- financial management;
- governance and transparency; and
- value for money.

We test wider scope areas where there are identified risks. We consider that there are wider scope risks in respect of demand pressures and the transformation programme. We have identified financial sustainability as a wider scope financial statement level focus area as set out opposite.

In addition, due to ongoing challenges related to the Covid-19 pandemic, we will consider the impact, and the Board's response to pressures as part of our risk assessment procedures and wider scope responsibilities. Audit Scotland have also specified consideration of the risk of fraud at audited entities, which we have extended to consider the Board's approach to managing fraud risk in respect of procurement.

[Pages 11 to 15](#)

# Headlines (continued)

## Independence

In accordance with ISA 260 and the Financial Reporting Council's ("FRC") Ethical Standards, we are required to communicate to you all relationships between KPMG and the Board that may be reasonably thought to have bearing on our independence both:

- at the planning stage; and
- whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.

[Appendix two](#) contains our confirmation of independence and any other matters relevant to our independence.

Total fees charged by us for the period ended 31 March 2020 were communicated in our Annual Audit Report issued in September 2020. Total fees for 2020-21 will be presented in our annual audit report issued on completion of the audit. The proposed audit fee for 2020-21, as agreed with those charged with governance, is £30,060 as set out below:

Total fee	Pooled costs	Contribution to PABV (Audit Scotland)	Contribution to Audit Scotland	Auditor remuneration (including VAT)
£30,060	£1,790	£5,650	£1,040	£21,580

## Quality

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International Standard on Quality Control (UK and Ireland) 1 ("ISQC1") requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

Our Audit Quality Framework and KPMG Audit Manual comply with ISQC1. Our UK Senior Partner has ultimate responsibility for quality control. Operational responsibility is delegated to our Head of Quality & Risk who sets overall risk management and quality control policies. These are cascaded through our Head of Audit in Scotland and ultimately to Michael Wilkie as the Director leading delivery of services to the Council.

The nature of our services is such that we are subject to internal and external quality reviews. KPMG UK's annual financial statements include our UK transparency report which summarises the results of various quality results and developments over the course of each year.

We also provide Audit Scotland with details of how we comply with ISQC1 and an annual summary of our achievement of key performance indicators and quality results.

We welcome your comments or feedback related to this strategy and our service overall.

## Regularity

We consider the risk of fraud and error over income and expenditure recognition, in line with *Practice Note 10 Audit of financial statements of public sector bodies in the United Kingdom*. As the Board is a net spending body, we consider it appropriate to extend our consideration to cover expenditure as well as income. We do not consider there to be a significant risk over income or expenditure, see page seven. We have identified the completeness and accuracy of expenditure as an other focus area, see page eight.

# Financial statements audit planning

## Materiality

We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. This therefore involves an assessment of the qualitative and quantitative nature of omissions and misstatements.

Generally, we would not consider differences in opinion in respect of areas of judgement to represent 'misstatements' unless the application of that judgement results in a financial amount falling outside of a range which we consider to be acceptable.

Materiality for planning purposes has been set at £2.1 million (2019-20 £2.0 million), which equates to 1% of 2019-20 gross expenditure (2019-20: 1% of gross expenditure). Materiality will be revised once draft financial statements for 2020-21 are received.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality for the IJB of £1.6 million (2019-20: £1.5 million).

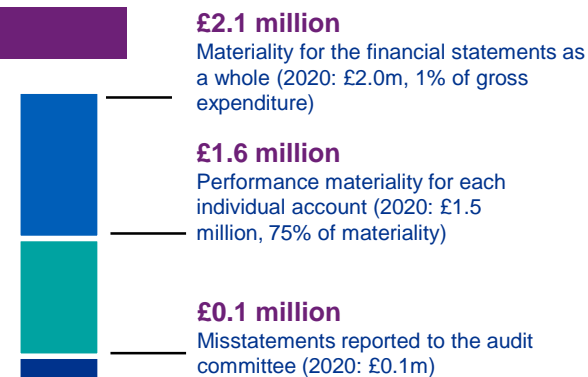
## Audit and Performance Committee

Under ISA 260, we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

In the context of the Board, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.1 million.

If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Performance Committee to assist it in fulfilling its governance responsibilities.

## Materiality



## Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised in the previous year and management's response to those findings. We will assess the impact of the COVID-19 pandemic on key controls, which may result in subsequent changes in our audit approach.

## Timing of our audit and communications

We will maintain communication led by the engagement lead and senior manager throughout the audit. We set out our communications in [Appendix three](#).



# Financial statements audit planning (continued)



## Significant risks and other focus areas

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**Risk assessment:** Our planning work takes place during December 2020 and January 2021. This involves: risk assessment; determining the materiality level; and issuing this audit plan to communicate our audit strategy. We use our knowledge of the Board, discussions with management and review of Board papers to identify areas of risk and audit focus categorised into financial risks and wider dimension risks as set out in the Code.

Significant risk	The risk	Planned response
<b>Financial statement risks</b>		
Fraud risk from management override of controls	Professional standards require us to communicate the fraud risk from management override of controls as a significant risk; as management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	<ul style="list-style-type: none"> <li>Our audit methodology incorporates the risk of management override as a default significant risk. We have not identified any specific additional risks of management override relating to the audit of the Board.</li> <li>Strong oversight of finances by management provides additional review of potential material errors caused by management override of controls.</li> <li>In line with our methodology, we will carry out appropriate substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the organisation's normal course of business, or are otherwise unusual.</li> </ul>
Fraud risk from income revenue recognition and expenditure	Professional standards, as interpreted by Practice Note 10 <i>Audit of financial statements of public sector bodies in the United Kingdom</i> require us to make a rebuttable presumption that the fraud risk from revenue recognition and expenditure are significant risks.	<ul style="list-style-type: none"> <li>The Board receives funding requisitions from Perth and Kinross Council and NHS Tayside. These are agreed in advance of the financial year, with any changes arising from changes in need, requiring approval from each body. There is no estimation or judgement in recognising this stream of income and we do not regard the risk of fraud to be significant.</li> <li>The Board works with Perth and Kinross Council and NHS Tayside in order to deliver services delegated by the Board. The Board makes these directions based on its budget agreed in advance of the financial year. There is no estimation or judgement in recognising expenditure to these bodies, and we do not regard the risk of fraud to be significant.</li> </ul>

# Financial statements audit planning (continued)



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Other focus area	The risk	Planned approach
<b>Financial statement focus area</b>		
Completeness and accuracy of expenditure	The Board's integrated finance team, led by the Chief Finance Officer, prepare expenditure forecasts as part of the annual budgeting process. There is a risk that actual expenditure and resulting funding is not correctly captured.	<ul style="list-style-type: none"> <li>Our substantive audit will obtain support for gross expenditure included in Perth and Kinross Council and NHS Tayside's accounting records. We will obtain confirmations of expenditure from each of these bodies.</li> </ul>
Financial sustainability	Financial sustainability looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services or the way in which they should be delivered. This is inherently a risk to the Board given the challenging environment where funding is reduced and efficiency savings are required	<ul style="list-style-type: none"> <li>The Board receives funding from NHS Tayside and Perth and Kinross Council, and as part of an Integration Scheme, has a risk sharing agreement with both bodies. This agreement stipulates that, from 2018-19, any overspends by the Board may be funded by NHS Tayside and Perth and Kinross Council based on each body's proportionate contribution in the financial year, or by the body with operational responsibility as a default position. This gives the Board comfort with regards to overspends, however, there is a risk going forward regarding ongoing budget balance, specifically in the context of challenging NHS and Council budgets. This was raised as a 'grade one' matter in September 2020.</li> <li>We will consider the Board's financial planning, reserves strategy, and Board's use of reserves, concluding on the appropriateness of these in our annual audit report.</li> <li>See page 13 for further information regarding the financial sustainability wider scope.</li> <li>Covid-19 has an inherent impact on the Board's operations, including the Board's long term financial position. On 9 December 2020, the Chief Financial Officer reported that there was a £1.9 million projected overspend in respect of Covid-19 costs, after accounting for additional funding from the Scottish Government. This is partially offset by a £1.2 million projected underspend against the day to day operational position. The Chief Financial Officer also reported that that the overspend in respect of Covid-19 costs was likely, but not yet confirmed to be covered by additional funding from government via partner bodies. We will continue to monitor and assess the financial position of the Board.</li> </ul>

# Financial statements audit planning (continued)



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Other focus area	The risk	Planned approach
<b>Financial statement focus area</b>		
Covid-19 related grants	<p>As part of the economic support provided by the Scottish government, the IJB will need to consider the accounting treatment for Covid-19 related grants. This includes the £500 additional payment due to some key workers.</p> <p>Due to the complexity, development of guidance and relative inexperience of administering the schemes, there is an element of risk of fraud and error in respect of payments made and disclosure.</p>	<ul style="list-style-type: none"> <li>— We will inquire of Officers how the partners and the IJB plan to account for the grants in respect of potential accruals, prepayments and provisions.</li> <li>— We will inquire of Officers to determine how the partner bodies administer any grants or payments provided, and how the IJB obtain sufficient assurance that these payments are correctly made.</li> <li>— We will consider and report upon whether the required accounting treatment within the annual accounts is appropriately made in respect of guidance and the 2020-21 Code.</li> </ul>

# Other matters

## Accounting framework update

There are no significant changes in the accounting framework that require disclosure other than those potential changes described in the Covid-19: Audit implications section opposite.

## Recommendations

In respect of the financial statements, we identify the constituent account balances and significant classes of transactions and focus our work on identified risks.

Determining the most effective balance of internal controls and substantive audit testing enables us to ensure the audit process runs smoothly and with the minimum disruption to the Board's finance team.

In 2019-20 we identified one 'grade two' recommendation in relation to delivery of the reserves strategy, and three 'grade one' recommendations in relation to strategic and corporate planning capacity, the risk sharing agreement, and board membership. We will follow-up progress in implementing these recommendations and report any new recommendations arising from our work in 2020-21 and report our view of progress.

Appendix three summarises our approach across each phase of the audit.

## Internal audit

ISA 610 *Considering the work of internal audit* requires us to:

- consider the activities of internal audit and their effect, if any, on external audit procedures;
- obtain an understanding of internal audit activities to assist in planning the audit and developing an effective audit approach;
- perform a preliminary assessment of the internal audit function when it appears that internal audit is relevant to our audit of the financial statements in specific audit areas; and
- evaluate and test the work of internal audit, where use is made of that work, in order to confirm its adequacy for our purposes.

We will continue liaising with internal audit and update our understanding of its approach and conclusions were relevant. The general programme of work will be reviewed for significant issues to support our work in assessing the statement of internal control.

## Covid-19: Audit implications

We report our assessment of the impact of Covid-19 on our planned audit scope, timing, materiality, audit procedures, and fees.

- The **planned scope and timing** of our audit has not changed significantly from the prior year to respond to any assessed risks of material misstatement.
- Given the rapidly changing environment, the **scope and timing** of our audit may need to be modified further to respond to new events or changing conditions. If we make significant changes, then we will communicate these to you. We anticipate considering management's assessment of the treatment, value and number of claims or disbursements of various government grants and funding streams which are new and associated with Covid-19.
- **Materiality** for the financial statements as a whole has been maintained from the prior year due to increased demand and expenditure required to maintain service delivery.
- Due to the rapidly evolving situation, determining whether **subsequent events** should be reflected (adjusting) vs. disclosed (non-adjusting) in the financial statements may require significant judgement, and more subsequent events may be identified.
- Our **audit procedures** will be adjusted to respond to any increased risks of material misstatement, and we highlight the risk of potential delays to the completion of our audit to enable us to obtain sufficient appropriate evidence to support our audit opinion.
- We do not anticipate any changes to our procedures or risk assessment in respect of the Board's ability to continue as a **going concern**.
- Based on the efficient working relationship between KPMG and the finance team in 2019-20, we do not anticipate adjusting our **audit fee** beyond that proposed on page five.

# Wider scope and Best Value

## Approach

We are required to assess and provide conclusions in the Annual Audit Report in respect of four wider scope dimensions: financial sustainability; financial management; governance and transparency; and value for money. We set out below an overview of our approach to wider scope and Best Value requirements of our annual audit.

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We provide on pages 13 to 15 our risk assessment in respect of these areas.

### Risk assessment

We consider the relevance and significance of the potential business risks faced by Integration Joint Boards, and other risks that apply specifically to the Board. These are the significant operational and financial risks in achieving statutory functions and objectives, which are relevant to auditors' responsibilities under the *Code of Audit Practice*.

In doing so we consider:

- The Board's own assessment of the risks it faces, and its arrangements to manage and address its risks.
- Evidence gained from previous audit work, including the response to that work.

We use the shared risk assessment process to consider if there are wider scope risks relevant to the Annual Audit Report.



### Linkages with other audit work

There is a degree of overlap between the work we do as part of the wider scope/Best Value and our financial statements audit. For example, our financial statements audit includes an assessment and testing of the control environment, many aspects of which are relevant to our wider scope audit responsibilities.

We always seek to avoid duplication of audit effort by integrating our financial statements and wider scope/Best Value work, and this will continue. We consider information gathered through the shared risk assessment and the Audit Commission's five strategic priorities when planning and conducting our work.



# Wider scope and Best Value (continued)

## Approach (continued)

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### Identification of significant risks

The Code identifies a matter as significant *'if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public. Significance has both qualitative and quantitative aspects.'*

If we identify significant wider scope risks, we will highlight the risk to the Board and consider the most appropriate audit response in each case, including:

- Considering the results of work by the Board, inspectorates and other review agencies.
- Carrying out local risk-based work to form a view on the adequacy of the Board's arrangements for securing economy, efficiency and effectiveness in its use of resources.



### Concluding on wider scope and Best Value

At the conclusion of the wider scope/Best Value testing we will consider the results of the work undertaken and assess the assurance obtained against each of the wider scope audit dimensions, regarding the adequacy of the Board's arrangements for securing economy, efficiency and effectiveness in the use of resources.

If any issues are identified that may be significant to this assessment, and in particular if there are issues that indicate we may need to consider qualifying our wider scope conclusion, we will discuss these with management as soon as possible. Such issues will also be considered more widely as part of KPMG's quality control processes, to help ensure the consistency of auditors' decisions.



### Reporting

We have completed our initial wider scope risk assessment and have not identified any significant risks, as noted on the pages 13-15. We will update our assessment throughout the year and should any issues present themselves we will report them in our Annual Audit Report.

We will report on the results of the wider scope and Best Value work through our Annual Audit Report. This will summarise any specific matters arising, and the basis for our overall conclusion.



# Wider scope and Best Value (continued)

## Risk assessment

We have not identified any financial statement significant risks in relation to wider scope and Best Value.

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Wider scope area	Why	Audit approach
<b>Financial sustainability and financial management</b>	<p><b>Financial management</b> is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.</p> <p><b>Financial sustainability</b> looks forward to the medium and longer term to consider whether the Board is planning effectively to continue to deliver its services or the way in which they should be delivered.</p> <p><b>Specific identified focus areas:</b></p> <p><u><a href="#">Demand pressures and the transformation programme</a></u></p> <p>This is inherently a risk to the Board given the challenging environment where funding is unlikely to increase and efficiency savings are required to meet the demand pressures for services, in particular GP Prescribing burden and cost pressures such as the Scottish Living Wage and National drug costs.</p>	<ul style="list-style-type: none"> <li>— We will obtain an understanding of the Board's financial position and year end outturn position through review of board reports and other management information. We will assess management's progress with implementation of efficiency savings. Commentary and analysis on these areas will be provided within the annual audit report.</li> <li>— We will perform substantive procedures, including substantive analytical procedures, over income and expenditure comparing the final position to budget.</li> <li>— The Board receives funding from NHS Tayside and Perth and Kinross Council, and has a risk sharing agreement in place with both bodies. This gives the Board comfort with regards to any overspends in 2019-20, however, there is a risk going forward regarding ongoing budget balance, specifically in the context of the challenging NHS Tayside and Perth and Kinross Council budgets, see page eight.</li> <li>— We will consider the Board's financial planning and reserves strategy and conclude on the appropriateness of these in our annual audit report.</li> </ul>

# Wider scope and Best Value (continued)

## Risk assessment (continued)

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Wider scope area	Why	Audit approach
<b>Financial sustainability and financial management</b> (continued)	<p><b><i>Specific identified focus areas (continued):</i></b></p> <p><u>Covid-19</u></p> <p>As an entity with strategic responsibilities for health and social care in Perth and Kinross, the Covid-19 pandemic has an inherent impact on the Board's financial health, and those decisions made by the Board on public health.</p>	<ul style="list-style-type: none"> <li>— We will consider the transparency, regularity and adequacy of information presented to the Board in order to support effective decision making.</li> <li>— We will consider whether any changes to the governance structure as a result of national and regional social restrictions are sufficient for democratic governance.</li> <li>— We will review the Board's budget setting process in order to conclude whether identified Covid-19 services and pressures are appropriately resourced. We will also consider how officers advise members on the current financial position in respect of Covid-19 pressures.</li> </ul>
<b>Governance and transparency</b>	<p><b>Governance and transparency</b> is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.</p> <p><b><i>Specific identified focus area:</i></b></p> <p>Audit Scotland planning guidance requires us to consider the following matters which are potential risks to all public sector bodies. As reported in September 2020, we agreed with management to defer this work until this year.</p> <p><u>Fraud and corruption in procurement</u></p> <p>Illicit rebates, kickbacks and false invoicing are potential risks across the public sector. For all bodies other than those where the full wider scope is not judged to be appropriate, auditors should assess the risk of fraud and corruption in the procurement function.</p> <p>We apply the principles of this specific focus area and extend it to consider the overall arrangements of the Board, by considering how it manages the risk of fraud.</p>	<ul style="list-style-type: none"> <li>— We will consider the effectiveness of scrutiny and governance arrangements, by evaluating the challenge and transparency of the reporting of financial and performance information.</li> <li>— We will update our understanding of the controls and processes around capturing officers' and Board members' interests.</li> <li>— We will obtain and review minutes of meetings of the various committees to assess the level of transparency, and consider the Board's plan for enhancing transparency.</li> <li>— We will assess whether the risk of procurement fraud is acknowledged and considered by the Board, and whether it gains sufficient assurance over the mitigation of the risk of fraud at partner bodies.</li> <li>— We will determine whether internal audit coverage or reporting over procurement systems at partner bodies is adequate and proportionate to the risks faced by the body.</li> </ul>



# Wider scope and Best Value (continued)

## Risk assessment (continued)

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Wider scope area	Why	Audit approach
Value for money	Value for money is concerned with how effectively resources are used to provide services.	— We will specifically consider performance indicators, performance reporting and arrangements to provide for continuous improvement.



# Appendices

# Mandated communications with the Audit and Performance Committee

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Matters to be communicated	Link to Audit and Performance Committee papers
Independence and our quality procedures ISA 260 (UK and Ireland).	— See page 17.
The general approach and overall scope of the audit, including levels of materiality, fraud and engagement letter ISA 260 (UK and Ireland).	— Main body of this paper
— Disagreement with management about matters that, individually or in aggregate, could be significant to the entity's financial statements or the auditor's report, and their resolution (AU 380).	— In the event of such matters of significance we would expect to communicate with the Audit and Performance Committee throughout the year. — Formal reporting will be included in our annual audit report for the Audit and Performance Committee meeting, which focuses on the financial statements.
— Significant difficulties we encountered during the audit. — Significant matters discussed, or subject to correspondence, with management (ISA 260).	
— Our views about the qualitative aspects of the entity's accounting and financial reporting. — The potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements (ISA 260 and ISA 540).	
— Audit adjustments, whether or not recorded by the entity, that have, or could have, a material effect on its financial statements. We will request you to correct uncorrected misstatements (including disclosure misstatements) (ISA 450).	
— The selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the entity's financial statements (ISA 570).	
— Material uncertainties related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern (ISA 570).	
— Expected modifications to the auditor's report (ISA 705).	
— Related party transactions that are not appropriately disclosed (ISA 550)	

# Auditor Independence

**DRAFT**

### Assessment of our objectivity and independence as auditor of Perth and Kinross Integration Joint Board (the Board)

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

### General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

We are satisfied that our general procedures support our independence and objectivity.

### Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Performance Committee.

### Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the director and audit staff is not impaired.

This report is intended solely for the information of the Audit and Performance Committee of the Board and should not be used for any other purposes.

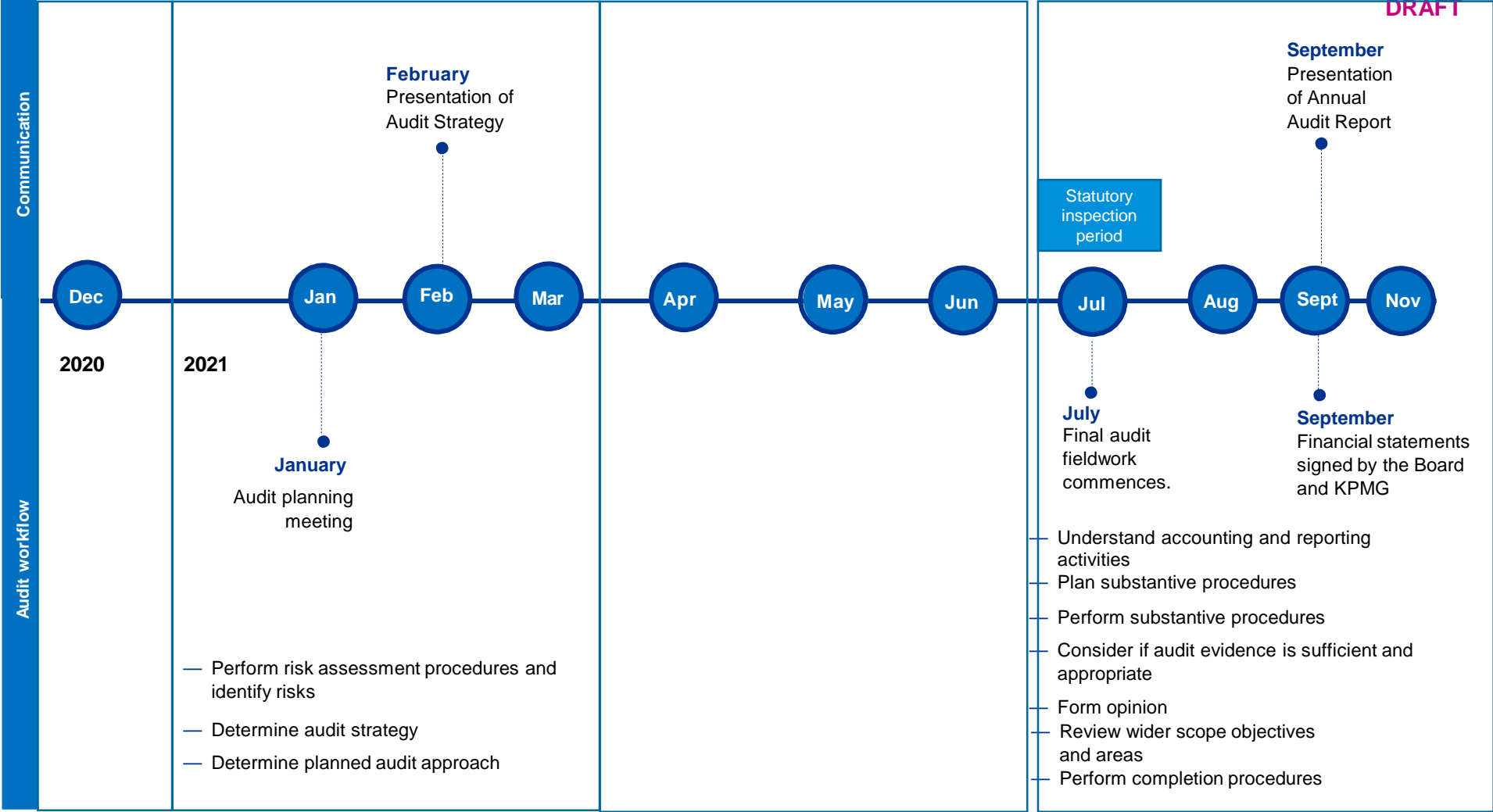
We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

*KPMG LLP*

# Appendix three

## Timeline



## Audit outputs

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Output	Description	Report date
<b>Audit strategy</b>	Our strategy for the external audit of the Board, including significant risk and audit focus areas.	By 15 February 2021
<b>Independent auditor's report</b>	Our opinion on the Board's financial statements.	By 31 October 2021*
<b>Annual audit report</b>	We summarise our findings from our work during the year.	By 31 October 2021*
<b>Audit reports on other returns</b>	We will report on the following returns: — Current issues returns — Fraud returns	January, March, July and October 2021 November 2020, February, May and August 2021

\* This date has been provisionally set by the Scottish Government for 2020-21 audits. However, KPMG and officers intend to follow the timetable as completed for the 2019-20 accounts and report by 30 September 2021.

# Audit Scotland code of audit practice – responsibility of auditors and management

DRAFT

## Responsibilities of management

### Financial statements

Audited bodies must prepare an annual report and accounts containing financial statements and other related reports. They have responsibility for:

- preparing financial statements which give a true and fair view of their financial position and their expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation;
- maintaining accounting records and working papers that have been prepared to an acceptable professional standard and that support their financial statements and related reports disclosures;
- ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate Council;
- maintaining proper accounting records; and
- preparing and publishing, along with their financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report that are consistent with the disclosures made in the financial statements. Management commentary should be fair, balanced and understandable and also clearly address the longer- term financial sustainability of the body.

Further, it is the responsibility of management of an audited body, with the oversight of those charged with governance, to communicate relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of their objectives and safeguard and secure value for money from the public funds at their disposal. They are also responsible for establishing effective and appropriate internal audit and risk-management functions.

Audited bodies are responsible for providing the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.

### Prevention and detection of fraud and irregularities

Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and also to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

# Audit Scotland code of audit practice – responsibility of auditors and management

DRAFT

## Responsibilities of management

### Corporate governance arrangements

Each body, through its chief executive or accountable officer, is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies should involve those charged with governance (including Audit and Performance Committees or equivalent) in monitoring these arrangements.

### Financial position

Audited bodies are responsible for putting in place proper arrangements to ensure that their financial position is soundly based having regard to:

- such financial monitoring and reporting arrangements as may be specified;
- compliance with any statutory financial requirements and achievement of financial targets;
- balances and reserves, including strategies about levels and their future use;
- how they plan to deal with uncertainty in the medium and longer term; and
- the impact of planned future policies and foreseeable developments on their financial position.

### Best Value, use of resources and performance

The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure best value.



# Audit Scotland code of audit practice – responsibility of auditors and management

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## Responsibilities of auditors

### Appointed auditor responsibilities

Auditor responsibilities are derived from statute, this Code, International Standards on Auditing (UK and Ireland), professional requirements and best practice and cover their responsibilities when auditing financial statements and when discharging their wider scope responsibilities. These are to:

- undertake statutory duties, and comply with professional engagement and ethical standards;
- provide an opinion on audited bodies' financial statements and, where appropriate, the regularity of transactions;
- review and report on, as appropriate, other information such as annual governance statements, management commentaries, remuneration reports, grant claims and whole of government returns;
- notify the Auditor General when circumstances indicate that a statutory report may be required;
- participate in arrangements to cooperate and coordinate with other scrutiny bodies (local government sector only);
- demonstrate compliance with the wider public audit scope by reviewing and providing judgements and conclusions on the audited bodies:
  - effectiveness of performance management arrangements in driving economy, efficiency and effectiveness in the use of public money and assets;
  - suitability and effectiveness of corporate governance arrangements; and
  - financial position and arrangements for securing financial sustainability.

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.

# Audit Scotland code of audit practice – responsibility of auditors and management

DRAFT

Responsibilities of auditors
<b>General principles</b>
This Code is designed such that adherence to it will result in an audit that exhibits these principles.
<b>Independent</b>
<p>When undertaking audit work all auditors should be, and should be seen to be, independent. This means auditors should be objective, impartial and comply fully with the Financial Reporting Council's (FRC) ethical standards and any relevant professional or statutory guidance. Auditors will report in public and make recommendations on what they find without being influenced by fear or favour.</p> <p>Our independence confirmation letter (<a href="#">Appendix two</a>) discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff.</p> <p>We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Director and audit staff is not impaired.</p>
<b>Proportionate and risk based</b>
Audit work should be proportionate and risk based. Auditors need to exercise professional scepticism and demonstrate that they understand the environment in which public policy and services operate. Work undertaken should be tailored to the circumstances of the audit and the audit risks identified. Audit findings and judgements made must be supported by appropriate levels of evidence and explanations. Auditors will draw on public bodies' self-assessment and self-evaluation evidence when assessing and identifying audit risk.
<b>Quality focused</b>
Auditors should ensure that audits are conducted in a manner that will demonstrate that the relevant ethical and professional standards are complied with and that there are appropriate quality-control arrangements in place as required by statute and professional standards.

# Audit Scotland code of audit practice – responsibility of auditors and management

DRAFT

Responsibilities of auditors
<b>Coordinated and integrated</b>
It is important that auditors coordinate their work with internal audit, Audit Scotland, other external auditors and relevant scrutiny bodies to recognise the increasing integration of service delivery and partnership working within the public sector. This would help secure value for money by removing unnecessary duplication and also provide a clear programme of scrutiny activity for audited bodies.
<b>Public focused</b>
The work undertaken by external audit is carried out for the public, including their elected representatives, and in its interest. The use of public money means that public audit must be planned and undertaken from a wider perspective than in the private sector and include aspects of public stewardship and best value. It will also recognise that public bodies may operate and deliver services through partnerships, arm's-length external organisations (ALEOs) or other forms of joint working with other public, private or third sector bodies.
<b>Transparent</b>
Auditors, when planning and reporting their work, should be clear about what, why and how they audit. To support transparency the main audit outputs should be of relevance to the public and focus on the significant issues arising from the audit.
<b>Adds value</b>
It is important that auditors recognise the implications of their audit work, including their wider scope responsibilities, and that they clearly demonstrate that they add value or have an impact in the work that they do. This means that public audit should provide clear judgements and conclusions on how well the audited body has discharged its responsibilities and how well they have demonstrated the effectiveness of their arrangements. Auditors should make appropriate and proportionate recommendations for improvement where significant risks are identified.

The contacts at KPMG in connection with this report are:



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\*Represents a continuation from 2019-20



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## **PERTH AND KINROSS INTEGRATION JOINT BOARD**

### **AUDIT & PERFORMANCE COMMITTEE**

**15<sup>th</sup> FEBRUARY 2021**

### **EXTERNAL AUDIT – PROPOSED AUDIT FEE 2020/21**

**Report by Chief Financial Officer (Report No. G/21/4)**

#### **PURPOSE OF REPORT**

This report presents the proposed Audit Scotland External Audit Fee for 2020/21 for approval to the Audit and Performance Committee.

#### **1. RECOMMENDATIONS**

It is recommended that the Audit and Performance Committee:

- (i) Notes the proposed Audit Fee for 2020/21 of £30,060 and authorises Officers to accept the proposed fee for 2020/21.

#### **2. BACKGROUND / OVERVIEW**

2.1 Audit fees are based on Audit Scotland's Funding & Fee Strategy. This strategy was revised in 2016 following consultation with stakeholders. The two key principles for these fee setting arrangements are:

- Audit fees should be set with the objective to recover the full cost of audit work in each sector
- The cost of the audit should be independent of the identity or location of the auditor.

2.2 On 21<sup>st</sup> December 2020, the Chief Financial Officer received an indication of the fees for 2020/21 audits from Audit Scotland. This proposed a fee of £27,330 for Perth & Kinross Integration Joint Board (IJB). However the actual amount the IJB pay may vary depending on the amount of the audit fee agreed with our auditor. Fees can be agreed between the auditor and the IJB by varying the auditor remuneration by up to 10% above the level set by Audit Scotland.

2.3 KPMG have proposed a fee of £30,060. This is higher than the fee proposed by Audit Scotland. KPMG have indicated that the overall requirements of the Audit, including the need to consider financial sustainability and wider scope, require the maximum fee to be charged.

2.4 The fee of £30,060 is the maximum chargeable fee and represents a 2.9% increase from 2019/20 as set out in Appendix 1.

**Author(s)**

<b>Name</b>	<b>Designation</b>	<b>Contact Details</b>
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## Appendix 1

	Auditor Remuneration	Pooled Costs	Contribution to PABV costs	Contribution to Audit Scotland costs	Total: Expected fee		Total: Agreed*/ Proposed fee	
<b>2019/20</b>	18,300	1,790	5,360	1,110	£	<b>26,560</b>	£	<b>29,210*</b>
<b>2020/21</b>	18,850	1,790	5,650	1,040	£	<b>27,330</b>	£	<b>30,060</b>
<b>Difference (£)</b>	550	0	290	-70		<b>770</b>		<b>850</b>
<b>Difference (%)</b>	3.0%	0.0%	5.4%	-6.3%		<b>2.9%</b>		<b>2.9%</b>







## AUDIT & PERFORMANCE COMMITTEE

15 February 2021

### Key Strategic Performance Indicator Report for the period to September 2020: Quarter 2

Report by the Chief Officer (Report No. G/21/5)

#### PURPOSE OF REPORT

The purpose of this report is to update the Audit & Performance Committee on Health and Social Care Partnership performance in relation to National Indicators, including those relating to the Ministerial Steering Group.

This report focuses on Quarter 2 and reflects our performance against key strategic measures during the early stages of the Covid-19 pandemic.

#### 1. RECOMMENDATION(S)

It is recommended that the IJB Audit & Performance Committee:

- Notes the Health and Social Care Partnership (HSCP) performance report for the period to September 2020 (Appendix 1).

#### 2. SITUATION / BACKGROUND / MAIN ISSUES

On the 30<sup>th</sup> November 2020 the Audit and Performance Committee considered a six monthly update on partnership performance and included information on performance against the National and Ministerial Steering Group key strategic performance indicators covering the period to June 2020.

As set out in this most recent report our ambition is to bring forward quarterly performance reports to the Audit and Performance Committee and this report continues progress in this regard. Appendices 1 set out performance against these key performance measures covering the period to September 2020.

### 3. OVERVIEW

This report represents very good performance across the indicator set, with only 2 exceptions, NI 14 and NI 16.

- NI 14 rate of readmissions within 28 days: This was noted previously and is being investigated. Early indications from this work show a similar position across Tayside and relate to the manner in which the data is collected and recorded.
- NI 16 rate of falls in the 65+ age group: Further investigation is being undertaken. Our performance compared to the rest of Scotland may now be being impacted by our proportionately higher number of over 75's compared to much of the rest of Scotland. Considering the wider data set this performance indicates that the work of key service areas is having a positive impact. It's important to consider the complex and multifaceted impact that the pandemic has had on communities and our services, however bearing this in mind performance has improved from previous reporting periods and compares well against Scotland as a whole.

### 4. CONCLUSION

This report sets out Health and Social Care performance for the period to September 2020 and it can be seen that through the pandemic our services are improving their performance against these key strategic measures from 2019/20, through Quarter 1, and now Quarter 2 of 2020/21.

#### Author(s)

Name	Designation	Contact Details
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### APPENDICES

1. Perth and Kinross Health and Social Care Partnership, Key Strategic Performance Indicator Report covering the period to September 2020 (Quarter 2)

## Appendix 1 - Perth and Kinross Health and Social Care Partnership, Key Strategic Performance Indicator Report covering the period to September 2020 (Quarter 2)

ID	Indicator Title	Measure	Scotland 2019/20	P&K 2019/20	Scotland Q2	P&K Q2	P&K Movement from 19/20 to Q2	P&K % increase / decrease from 19/20 to Q2	P&K comparison to Scotland in Q2	Comments
NI-11	Premature Mortality Rate per 100,000	Rolling 12 month rate	432	350	na	na	na	na	na	Only available annually
NI-12	Rate of emergency admissions per 100,000 population for adults (18+ all specialities)	Rolling 12 month rate	12,602	11,513	10,950	10,749	-764.0	-6.6%	-1.9%	The rate of emergency admissions (EA) reduced in quarter 1 from that reported in 2019/20. We can see that this rate has reduced again in quarter 2 and that Perth and Kinross has a lower rate than that across Scotland as a whole.
NI-13	Rate of emergency bed day per 100,000 population for adults (18+)	Rolling 12 month rate	117,478	106,791	105,585	99,433	-7358.0	-6.9%	-6.2%	Emergency Bed Day (EBD) Rate is closely linked to Emergency Admissions rate where any reduction in EA also comes with a reduction in bed days. The EMD rate reduced from the 19/20 figure in quarter 1 and this has been sustained in quarter 2 with a further reduction. It is notable that although the Scotland figure is now lower than it was in 19/20 it is higher than it was in Q1. This would indicate that performance in Perth in Kinross has further improved against Scotland (-4.93% in Q1, -6.2% in Q2)
NI-14	Readmissions to hospital within 28 days of discharge per 1,000 discharges (18+)	Rolling 12 month rate	104	115	103	120	5.0	4.3%	14.2%	The readmissions performance remains RAG'd as red for Q2. This was similarly the case in Q1 with the number of readmissions increasing in both Q1 and Q2. This increase in readmission was noted previously and is being investigated. It is also notable however that although the data over the whole quarter indicates an overall increase, the emergent data for the latest month within the dataset (Sept) shows a marked reduction in the number of readmissions.
NI-15	Proportion of last 6 months of life spent at home or in a community setting (18+)	Rolling 12 month rate	88.63%	89.76%	89.76%	89.70%	-0.1%	-0.1%	-0.1%	This indicator is a long term slow moving measure with many contributing factors. It nonetheless provides an overview of how well service users are being served in terms of being cared for at home or in a homely setting. There is slight reduction in this figure in Q2 from 19/20 and a slightly lower rate than for Scotland. It should be noted however that this represents an increase when compared to the Q1 figure of 89.5%.
NI-16	Falls rate per 1,000 population (65+)	Rolling 12 month rate	22.69	22.70	21.56	22.88	0.18	0.8%	5.8%	The falls rate has marginally risen against the Q1 rate of 22.49 and is now slightly higher than the 19/20 rate. The reason for this reduction in falls prevention is not fully understood and would require further investigation. It may be expected that the increasing frailty of the P&K population, the impact of the CV19 pandemic on the population and the focus of resources may all be a factor.
NI-17	Proportion of Care Services rated good or better in Care Inspectorate inspections	Rolling 12 month rate	82.00%	86.00%	na	na	na	na	na	Only available annually
NI-18	Percentage of 18+ with intensive social care needs receiving Care at Home	Rolling 12 month rate	62.1%	60.7%	na	na	na	na	na	Only available annually
NI-19	Number of days people aged 75+ spend in hospital when they are ready to be discharged per 1,000 population	Rolling 12 month rate	783	644	604	406	-237.8	-36.9%	-48.7%	The Q2 rate of delayed discharge (for +75s) has improved from Q1 (461 and 406 respectively) and from 19/20 (644). This demonstrates a sustained and considerable increase in performance and can be attributed to the efforts of the health and social care teams across the "Capacity and Flow" pathway to improve the speed of the discharge process. In comparison to Scotland we continue to perform significantly better despite the Scotland rate also improving over the period.
NI-20	Percentage of health and care resource spent on hospital stays where the patient was admitted as an emergency	Rolling 12 month rate	25.95%	24.9%	na	na	na	na	na	Expected lag in data receipt - quarterly currently not available

<b>Green</b>	We are within 3%, or are meeting or exceeding the number we compare	<b>Amber</b>	We are between 3% and 6% away from meeting the number we compare against	<b>Red</b>	We are more than 6% away from meeting the number we compare against
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Appendix 1 (continued) Perth and Kinross Health and Social Care Partnership, Key Strategic Performance Indicator Report covering the period to September 2020 (Quarter 2)

ID	Indicator Title	Measure	Scotland 2019/20	P&K 2019/20	Scotland Q2	P&K Q2	P&K Movement from 19/20 to Q2	P&K % Increase / decrease from 19/20 to Q2	P&K comparison to Scotland in Q2	Comments
MSG 1a	Emergency admissions per 100,000 population for adults (all ages in acute hospitals)	Value	na	15,461	na	14,547	-914	-5.9%	na	This performance measure is closely related to NI12 above but relates to a slightly different group of patients. The data is also only available at Partnership level with Scotland comparison on a quarterly basis. The performance against this indicator improved in Q2 from that in Q1 (14,547 and 14687 respectively) and this demonstrates a sustained improvement when considering the 19/20 figure of 15,461.
MSG 2a	Number of unscheduled hospital bed days; acute specialties	Value	na	105,166	na	93,165	-12,001	-11.4%	na	This indicator is linked closely with MSG 1a above, with a reducing number of emergency admission resulting in a corresponding reduction in unscheduled bed days. It is however notable that performance in this regard improved in Q1 over the 19/20 figure and has improved again in Q2.
MSG 3	A&E attendances	Value	na	34,018	na	26,466	-7,552	-22.2%	na	Similar to MSG 1a and 2a this indicator has seen a sustained increase in performance from 19/20 (34,018), to Q1 (29,767) to Q2 (26,466). The impact of the pandemic in reducing the activities of the population is likely to have had an influence here, however so to has the introduction of new community based services, for example the LiNcS service which works on a multidisciplinary basis to intervene early to provide the necessary, treatment, care and support service users thereby reducing the need for emergency and unscheduled care.
MSG 4.1	Delayed Discharge bed days 18+	Value	na	12,414	na	9,945	-2,469	-19.9%	na	This performance measure is closely linked to NI 19 but covers all adult delays rather than those which relate to the 75+ age group.  This indicator has seen a sustained improvement in performance from 19/20 (12,414), into Q1 (11,350) and then a further improvement in Q2 (9,945). This demonstrates a sustained and considerable increase in performance and can be attributed to the efforts of the health and social care teams across the "Capacity and Flow" pathway to improve the speed of the discharge process.
MSG 5.1	Proportion of last 6 months of life spent at home or in a community setting	Value	na	89.75%	na	na	na	na	na	Only available annually
MSG 6.1	Percentage of Population at home unsupported	Value	na	na	na	na	na	na	na	Only annual values are published and 19/20 values are still not available - no update

<b>Green</b>	We are within 3%, or are meeting or exceeding the number we compare	<b>Amber</b>	We are between 3% and 6% away from meeting the number we compare against	<b>Red</b>	We are more than 6% away from meeting the number we compare against
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**PERTH & KINROSS INTEGRATION JOINT BOARD**  
**AUDIT AND PERFORMANCE COMMITTEE**  
**WORK PLAN 2020/21**

**Report No. G/21/6**

This work plan outlines the major items the Audit and Performance Committee has to consider as part of its schedule of work for the year. This should allow the Committee to fulfil its terms of reference. It will continue to be kept under review throughout the year.

Item	Standing Item	Non Standing Item	Responsibility	June 22 <sup>nd</sup> 2020	Sept 14 <sup>th</sup> 2020	Nov 30 <sup>th</sup> 2020	Feb 15 <sup>th</sup> 2021
<b>Governance &amp; Assurance</b>							
Strategic Risk Management	✓		Chief Financial Officer	✓	✓	✓	✓
Partnership Improvement Plan	✓		Chief Officer	✓	✓	✓	✓
Audit Recommendations Update	✓		Chief Financial Officer	✓	✓	✓	✓
Internal Audit Annual Report and Assurance Statement		✓	Chief Internal Auditor	✓			
Appointment of Internal Auditors 2019/20		✓	Chief Financial Officer	✓			
Extension To External Audit Appointment		✓	Chief Financial Officer			✓	
Internal Audit Reports 2019/20:							
• Financial Risks PKIJB 19-01		✓	Chief Internal Auditor				
• Performance Management PKIJB 19-02		✓	Chief Internal Auditor		✓		
• Partnership Improvement Plan PKIJB 19-03		✓	Chief Internal Auditor		✓		
Internal Audit Reports 2020/21:							
• Improvement Actions PKIJB 20-01		✓	Chief Internal Auditor				
• Corporate Support PKIJB 20-02		✓	Chief Internal Auditor				
• Commissioned Service Providers 20-03		✓	Chief Internal Auditor				
Internal Audit Plan 2020/21		✓	Chief Internal Auditor		✓		
Internal Audit Plan Progress Report		✓	Chief Internal Auditor		✓	✓	✓ <sup>1</sup>
Internal Audit Report – Common Definitions		✓	Chief Internal Auditor			✓	
Audit & Performance Committee Work Plan	✓		Chief Officer		✓	✓	✓
External Audit Annual Report 2019/20		✓	External Auditor		✓		

<sup>1</sup> Verbal Report



Item	Standing Item	Non Standing Item	Responsibility	June 22 <sup>nd</sup> 2020	Sept 14 <sup>th</sup> 2020	Nov 30 <sup>th</sup> 2020	Feb 15 <sup>th</sup> 2021
External Audit Strategy		✓	External Auditor				✓
External Audit – Proposed Audit Fee 2020/21		✓	Chief Financial Officer				✓
Care & Professional Governance Forum Annual Report 2019/20		✓	Co-chairs of the CPGF			✓	

Performance							
Locality Update:							
• South Locality		✓	Chief Officer			✓	
• Perth City Locality		✓	Chief Officer				
• North Locality		✓	Chief Officer				
Financial Position	✓		Chief Financial Officer	✓		✓	
HSCP Performance Quarterly Report		✓	Chief Officer		✓ <sup>2</sup>	✓	✓
Annual Performance Report		✓	Chief Officer		✓		

Annual Accounts							
Review Annual Governance Statement		✓	Chief Financial Officer	✓			
Unaudited Annual Accounts 2019/20		✓	Chief Financial Officer	✓			
Audited Annual Accounts 2019/20		✓	Chief Financial Officer		✓		
Letter of Representation to External Audit		✓	Chief Financial Officer		✓		

For Information							
Assurances Received from Partners		✓	For information		✓		
Audit & Performance Committee Record of Attendance	✓		For information	✓	✓	✓	✓

<sup>2</sup> 6 month performance report will come to Nov 2020 meeting



**PERTH & KINROSS INTEGRATION JOINT BOARD**  
**AUDIT AND PERFORMANCE COMMITTEE**  
**WORK PLAN 2021/22**

Report No. G/21/7

This work plan outlines the major items the Audit and Performance Committee has to consider as part of its schedule of work for the year. This should allow the Committee to fulfil its terms of reference. It will continue to be kept under review throughout the year.

Item	Standing Item	Non Standing Item	Responsibility	June 22 <sup>nd</sup> 2021	July 26 <sup>th</sup> 2021	Sept 14 <sup>th</sup> 2021	Nov 30 <sup>th</sup> 2021	Feb 15 <sup>th</sup> 2022
<b>Governance &amp; Assurance</b>								
Strategic Risk Management Update	✓		Chief Financial Officer	✓		✓	✓	✓
Partnership Improvement Plan	✓		Chief Officer	✓		✓	✓	✓
Audit Recommendations Update	✓		Chief Financial Officer	✓		✓	✓	✓
Internal Audit Annual Report and Assurance Statement		✓	Chief Internal Auditor	✓				
Appointment of Internal Auditors 2020/21		✓	Chief Financial Officer	✓				
Extension To External Audit Appointment		✓	Chief Financial Officer				✓	
Internal Audit Reports 2019/20:								
• Financial Risks PKIJB 19-01		✓	Chief Internal Auditor					
Internal Audit Reports 2020/21:								
• Improvement Actions PKIJB 20-01		✓	Chief Internal Auditor					
• Corporate Support PKIJB 20-02		✓	Chief Internal Auditor					
• Commissioned Service Providers 20-03		✓	Chief Internal Auditor					
Internal Audit Reports 2021/22:								
• TBC		✓	Chief Internal Auditor					
Internal Audit Plan 2021/22		✓	Chief Internal Auditor					
Internal Audit Plan Progress Report	✓		Chief Internal Auditor	✓		✓	✓	✓
Audit & Performance Committee Work Plan	✓		Chief Officer	✓		✓	✓	✓
External Audit Strategy		✓	External Auditor					✓
External Audit – Proposed Audit Fee 2020/21		✓	Chief Financial Officer					✓
External Audit Annual Report 2020/21		✓	External Auditor			✓		
Care & Professional Governance Forum Annual Report 2020/21		✓	Co-chairs of the CPGF			✓		

**Performance**

Item	Standing Item	Non Standing Item	Responsibility	June 22 <sup>nd</sup> 2021	July 26 <sup>th</sup> 2021	Sept 14 <sup>th</sup> 2021	Nov 30 <sup>th</sup> 2021	Feb 15 <sup>th</sup> 2022
Locality Update:								
• South Locality		✓	Chief Officer				✓	
• Perth City Locality		✓	Chief Officer	✓				
• North Locality		✓	Chief Officer			✓		
Financial Position	✓		Chief Financial Officer	✓		✓	✓	✓
HSCP Performance Quarterly Report		✓	Chief Officer			✓	✓	✓
Annual Performance Report		✓	Chief Officer		✓			

Annual Accounts								
Review Annual Governance Statement		✓	Chief Financial Officer	✓				
Unaudited Annual Accounts 2020/21		✓	Chief Financial Officer	✓				
Audited Annual Accounts 2020/21		✓	Chief Financial Officer			✓		
Letter of Representation to External Audit		✓	Chief Financial Officer			✓		

For Information								
Assurances Received from Partners		✓	For information			✓		
Audit & Performance Committee Record of Attendance	✓		For information	✓		✓	✓	✓



**Record of Attendance 1 April 2020 - 31 March 2021**



**Members**

Name	Designation	Organisation	22 Jun 20	14 Sep 20	30 Nov 20	15 Feb 21
Councillor Callum Purves	Elected Member	Perth & Kinross Council	PRESENT	PRESENT	PRESENT	
Bernie Campbell	Carer's Representative	Public Partner	APOLOGIES	PRESENT	APOLOGIES	
Councillor John Duff	Elected Member	Perth & Kinross Council	PRESENT	PRESENT	APOLOGIES	
Ronnie Erskine	Non Executive Director	NHS Tayside	PRESENT	APOLOGIES	PRESENT	
Pat Kilpatrick	Non Executive Director	NHS Tayside	PRESENT	PRESENT	PRESENT	

**In Attendance**

Name	Designation	Organisation	22 Jun 20	14 Sep 20	30 Nov 20	15 Feb 21
Gordon Paterson	Chief Officer	P&K HSCP	PRESENT	PRESENT	PRESENT	
Jane Smith	Chief Financial Officer	P&K HSCP	PRESENT	PRESENT	PRESENT	
Councillor Eric Drysdale	Elected Member	Perth & Kinross Council	PRESENT			
Bob Benson	Non Executive Director	NHS Tayside	PRESENT			
Diane Fraser	Head of Adult Social Work	P&K HSCP		PRESENT		
Phil Jerrard	Governance & Risk Coordinator	P&K HSCP	PRESENT	PRESENT	PRESENT	
Fiona Low	Business & Resources Manager	P&K HSCP	PRESENT	PRESENT	PRESENT	
Scott Hendry	Team Leader (Committee Services)	Perth & Kinross Council		PRESENT		
Adam Taylor	Assistant Committee Officer	Perth & Kinross Council		PRESENT	PRESENT	
Donna Mitchell	Finance Manager	P&K HSCP		PRESENT	PRESENT	
Jackie Clark	Chief Internal Auditor	Perth & Kinross Council		PRESENT	PRESENT	
Michael Wilkie	External Auditor	KPMG		PRESENT		
Christopher Windeatt	External Auditor	KPMG		PRESENT		
Sandy Strathearn	Business Improvement	P&K HSCP		PRESENT		
Chris Jolly	Service Manager	P&K HSCP	PRESENT	PRESENT	PRESENT	
Colin Paton	Lead for Communication	P&K HSCP		PRESENT	PRESENT	
Lynn Blair		Scottish Care	PRESENT			
Lindsay Bailie	South Locality Manager	P&K HSCP			PRESENT	
Jacquie Pepper	Chief Social Work Officer	Perth & Kinross Council			PRESENT	
Sandra Auld <sup>1</sup>	Service User Public Partner	Public Partner			PRESENT	

<sup>1</sup> Substituted for B. Campbell 30/11/20

