



Minutes of the meeting of the **Health & Social Care Integration Joint Board Audit Committee** held on 27 March 2017 commencing at 10.00 am in Committee Room 2, Scottish Borders Council

Present: Cllr J. G. Mitchell Mr D Davidson
Cllr G. H. T. Garvie Raine

In Attendance: Mrs E Torrance Miss I Bishop
Mr P McMenamin Mr G Samson (Audit Scotland)
Mrs J Stacey Ms G Woolman (Audit Scotland)

1. ANNOUNCEMENTS AND APOLOGIES

There were no apologies received.

The Chair confirmed the meeting was quorate.

The Chair welcomed Mrs Gillian Woolman and Mr Graeme Samson from Audit Scotland.

2. DECLARATIONS OF INTEREST

The Chair sought any verbal declarations of interest pertaining to items on the agenda.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted there were none.

3. MINUTES OF PREVIOUS MEETING

The minutes of the previous meeting of the Health & Social Care Integration Joint Board Audit Committee held on 26 September 2016 were amended at page 3, minute 6, paragraph 1, line 1, replace “pension fund” with “Integration Joint Board” and with that amendment the minutes were approved.

4. MATTERS ARISING

4.1 **Action 1:** Mr Paul McMenamin advised that the item was scheduled for discussion on the agenda and suggested the item be marked as complete.

4.2 **Action 2:** Mrs Jill Stacey advised that the actions had been incorporated as part of the internal audit annual plan.

4.3 **Action 3:** Mrs Jill Stacey advised that as part of the internal audit annual report the recommendations would be submitted to the Audit Committee for assessment ahead of submission to the Health & Social Care Integration Joint Board.

4.4 **Action 4:** Mrs Jill Stacey advised that a self-evaluation would be undertaken in September 2017.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** revised and noted the action tracker.

5. FINANCIAL GOVERNANCE AND MANAGEMENT

Mr Paul McMenamin presented the third report on financial governance and management covering the previous 12 month period. He spoke of the progress made and outstanding provisions, as well as the financial challenges across partner organisations finances and the delegated budget set for the Health & Social Care Integration Joint Board. In moving forward he highlighted areas of work to be undertaken to strengthen stewardship of resources and provide a more integrated approach to future financial planning and budget setting.

Mr David Davidson noted the high risk identified on page 2, item 4.2 and suggested that the Chief Financial Officer and Director of Finance for Scottish Borders Council and NHS Borders be asked to provide a report for the next meeting of the Audit Committee to consider.

Mr John Raine enquired if there was any reason why the financial regulations were not being reviewed at that stage? Mr McMenamin emphasised that the current financial regulations of both organisations had been written pre integration and given the partnership itself had financial regulations it was important to ensure they were all consistent in application. Mr McMenamin assured the Board that he would be working with partner organisations, as a priority, to ensure the financial regulations were updated and maintained.

Mr Raine enquired when the Risk Register would be submitted to the Audit Committee? Mrs Jill Stacey advised that it was anticipated submission would be to the June meeting. She further advised that there was on-going work taking place to be able to provide assurance to the Committee that both partners were clear on risk ownership and management.

Mr Raine enquired if there were any early indications of significant issues having arisen? Mrs Stacey commented that the financial element was the most significant issue and she anticipated future challenge would be around evidencing an improvement in outcomes. She suggested the performance framework would assist in providing the detail. Mrs Elaine Torrance commented that the Health & Social Care Integration Joint Board would receive the Annual Performance Report at its meeting that afternoon and clarified that it contained the detail of the achievements made during the previous year and also set out the priority areas for the forthcoming year.

Cllr Graham Garvie enquired in regard to the financial regulations, if the intention was to have a revised composite set produced for the Health & Social Care Integration Joint Board? Mr McMenemy commented that the Board had approved a set of financial regulations in 2016, which formed part of the code of corporate governance, and were written to draw on the priorities and controls across partner organisations.

Cllr Garvie enquired about the term “non-current assets”? Mr McMenemy advised it referred to “fixed assets”.

In regard to the Integrated Resources Advisory Group (IRAG) guidance compliance check, Mr Davidson enquired how action point 18 would be addressed? Mrs Gillian Woolman commented that the external auditor would review the actions being taken by both partner organisations to address the matter.

The Chair suggested he raise the matter at the Health & Social Care Integration Joint Board meeting that afternoon, so that a direction could be issued to both partner organisations to direct them to undertake that refresh of financial regulations across partnership resources.

Mr Raine enquired about the interpretation of action point 3? Mrs Torrance commented that it was in relation to areas of operational responsibility that sat within the Chief Officer remit and where the budget sat within the Health & Social Care Integration Joint Board.

Mrs Torrance further commented that the Health & Social Care Integration Joint Board was responsible for commissioning and setting the strategic direction of travel. She reported directly to the Chief Executives of both organisations and had found that reporting structure to work effectively and assist with delivery.

Mr Davidson requested “Financial Governance & Management” be a standing item on all future Audit Committee agendas. Mr McMenemy agreed.

Mr Davidson suggested the inclusion of arrows in the RAG status of the IRAG compliance check chart to show if performance was stagnating, improving or decreasing.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the report.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** agreed that the Committee Chair recommend to the Health & Social Care Integration Joint Board the issue of a direction to both partner organisations to direct them to undertake a refresh of financial regulations across partnership resources.

6. INTERNAL AUDIT ANNUAL PLAN 2017/18

Mrs Jill Stacey introduced the internal audit annual plan. She highlighted several key areas including: the key risks facing the Health & Social Care Integration Joint Board; governance and risk arrangements; follow up on areas of improvement; and ensuring clarity on roles and responsibilities.

The Chair enquired if 30 days was an adequate time period. Mrs Stacey confirmed that it was a reasonable time period.

Cllr Graham Garvie enquired how the development of the members of the Audit Committee would be supported? Mrs Stacey commented that a self-evaluation tool kit would be utilised as well as looking at individual's needs and skill sets.

Mr John Raine welcomed the planned audit approach and commented that it would be a crucial role of the Audit Committee to gauge a feel for success or difficulty, for the Health & Social Care Integration Joint Board to actually achieve the objectives of the strategic plan. Mrs Stacey commented that this was why the risk register was such a vital and critical mechanism to ensure that the objectives were met.

Mr David Davidson enquired about the resilience function arrangements for the Health & Social Care Integration Joint Board. Mrs Stacey commented that the expectation was whoever owned the operational responsibility owned the associated risks and the Health & Social Care Integration Joint Board only required assurance. She further advised that the principles within the Integration Joint Board risk management strategy were clear that if either party required to escalate a matter it would be escalated up through the Chief Officer and Chief Executives to ensure there was awareness and if additional action was required by the Health & Social Care Integration Joint Board then it would have all of the information it required in order to make a decision, issue a direction, etc.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** approved the Internal Audit Annual Plan 2017/18 for Scottish Borders Health and Social Care Integration Joint Board as detailed in Appendix 1 of the report.

7. EXTERNAL AUDIT ANNUAL PLAN 2016/17

Mrs Gillian Woolman introduced the external audit plan and highlighted the 4 audit risks (management override of controls, financial statements preparation, financial sustainability and governance arrangements) and planned audit work. She also spoke of the reporting arrangements, code of audit practice and confirmed that the audit fee was set at the same level for all integration authorities, though the audit fees for the partners (NHS Borders and Scottish Borders Council) were lower compared to the previous year.

Cllr Graham Garvie enquired about the term "materiality"? Mrs Woolman advised that it was the degree to which, if you were a user of the annual accounts, at which point they would be misleading.

Cllr Garvie further enquired about the term "granularity"? Mrs Woolman advised that it referred to further detail.

The **HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the External Audit Annual Plan 2017/18.

8. ANY OTHER BUSINESS

There was none.

9. DATE AND TIME OF NEXT MEETING

The Chair confirmed that the next meeting of the Health & Social Care Integration Joint Board Audit Committee would take place on Monday 26 June 2017 at 10.00am in Committee Room 2, Scottish Borders Council.

The Meeting concluded at 11.18 am

*Signature:
Chair*