



Minute of the meeting of **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** held on Monday 19 June 2023 at 2.00pm in Committee Room 2, SBC and via MS Teams

Present: Cllr T Weatherston, Elected Representative, SBC (Chair)
Mrs L O'Leary, Non Executive, NHS Borders
Mrs K Hamilton, Non Executive, NHS Borders
Mr K Harrod, Lay member

In Attendance: Mr C Myers, Chief Officer Health & Social Care
Mrs H Robertson, Chief Financial Officer
Miss I Bishop, Board Secretary
Mrs J Stacey, Chief Internal Auditor
Ms S Harold, Audit Scotland
Ms J Law, Audit Scotland
C Hurt

1. APOLOGIES AND ANNOUNCEMENTS

- 1.1 Apologies had been received from Cllr Neil Richards, Dr Rachel Mollart GP, Mr John Boyd, Audit Scotland and Mrs Sue Holmes, Principal Auditor, SBC.
- 1.2 The Chair advised that Sue Holmes would shortly be retiring and recorded the thanks of the Committee for her support.
- 1.3 The Chair confirmed the meeting was quorate.

2. DECLARATIONS OF INTEREST

- 2.1 The Chair sought any verbal declarations of interest pertaining to items on the Agenda.

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

3. MINUTE OF PREVIOUS MEETING

- 3.1 The minutes of the meeting of the Integration Joint Board Audit Committee held on 20 March 2023 were approved.

4. MATTERS ARISING

The **SCOTTISH BORDERS HEALTH & SOCIAL CARE INTEGRATION JOINT BOARD AUDIT COMMITTEE** noted the Action Tracker.

5. FINANCIAL REGULATIONS

- 5.1 Mrs Hazel Robertson provided an overview of the content of the report to the Committee and confirmed that it was supported by both NHS Borders and Scottish Borders Council Chief Financial Officers. She advised that the financial regulations would be submitted to the IJB for formal approval and she would produce an easy read version for staff to use.
- 5.2 Mrs Jill Stacey commented that from an audit and risk perspective she had worked with Mrs Robertson and she was very supportive of the changes made.
- 5.3 Mrs Lucy O'Leary commented that in terms of commissioned services, it appeared that the IJB could not directly commission services from the third sector, they had to be commissioned via the local authority. Mrs Robertson responded that most externally commissioned services were delivered through the local authority and it may be that the IJB determined over time that because the local authority had a large commissioning function, the IJB may conclude due to better value to do that commissioning through the local authority and funding arrangements would mirror that, it would be about doing things more efficiently.
- 5.4 Mrs Stacey suggested financial regulations might be a topic for discussion between the Audit Committee chairs of the partner organisations.
- 5.5 Mr Kai Harrod commented that in trying to respond to legislation any change would have an impact on time and quality. He suggested as part of the presentation to the Board to consider the materiality of when and how to implement, as some things were in flight at present and not all of the things proposed as important might be necessary for them. Mrs Robertson agreed that the legal aspect was important to look at alongside that.
- 5.6 Mr Chris Myers enquired in relation to the virement section in paragraph 22 and legality of expenditure in paragraph 30 if what was proposed was in line with legislation. He knew that Mrs Robertson had been working those up with the two Directors of Finance for Scottish Borders Council and NHS Borders and further enquired if she felt that it was deliverable in the current form or if she thought there was more development to be done to get to that place. Mrs Robertson advised that she had spoken to the Directors of Finance on what those regulations meant for producing financial reports and when she had those discussions there would be some bouncing around of ideas on what that virement actually meant and how it was reported. She emphasised that the financial regulations required the IJB to report on changes in the financial budget. In terms of legality she advised that you could not delegate the legal obligation to anyone else.
- 5.7 Mrs Stacey commented that the audit plan for 2023/24 would have more focus on the financial governance.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** noted that the Regulations had been substantially reviewed by the IJB CFO and confirmed by SBC and NHSB. All outstanding matters had now been resolved.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** noted that the Audit Committees of partner bodies would also require to consider and accept that the changes conformed with their own governance arrangements.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** recommended the Regulations to the IJB for approval.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** requested that the CFO implement those within the IJB, making the required improvements in financial control, management and reporting, and communicating best practice to operational teams.

6. IJB AUDIT COMMITTEE ANNUAL REPORT 2022/23 AND SELF ASSESSMENTS'

- 6.1 The Chair recorded his thanks to Mrs Jill Stacey for her hard work for him as the Committee Chair and also to Mrs Hazel Robertson for her involvement. He commented that huge strides forward had been achieved, however the biggest challenges still lay ahead and it was important to get it right. He then highlighted a few points within the report including liaison with officers, scrutiny and standard templates.
- 6.2 Mrs Jill Stacey suggested the inclusion of records management as an audit committee area of business and that it be added to the business plan and annual audit cycle.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** approved the IJB Audit Committee Annual Report 2022/23 (Appendix 1) which presented the self-evaluation of the Committee's performance, effectiveness and areas of improvement, based on the outcomes of its self-assessments (Appendices 2 and 3) using the CIPFA Audit Committees Guidance.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** agreed that the IJB Audit Committee Annual Report 2022/23 (Appendix 1), which was designed to both provide assurance to the IJB and to identify actions to improve the IJB Audit Committee's effectiveness, should be presented to the IJB.

7. INTERNAL AUDIT ANNUAL ASSURANCE REPORT 2022/23

- 7.1 Mrs Jill Stacey provided an overview of the content of the report and the positive assurance that it contained.
- 7.2 The Chair thanked Mrs Stacey for her hard work on such a good report.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** considered the Internal Audit Annual Assurance Report 2022/23 for the Scottish Borders Health and Social Care Integration Joint Board (Appendix 1), which set

out the findings and conclusions arising from all Internal Audit work carried out during the year to 31 March 2023, considered the assurances therein, and provided any comments thereon.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** considered the list of Internal Audit reports by Partners' Internal Auditors presented to their respective Audit Committees that were relevant to the IJB for assurance purposes.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** noted that the IJB Chief Internal Auditor had taken account of assurances to provide the statutory Internal Audit assurance to the IJB.

8. ANNUAL GOVERNANCE STATEMENT 2022/23

- 8.1 Mrs Jill Stacey provided an overview of the content of the report and advised that she had been working with Mr Chris Myers on the local code of corporate governance.
- 8.2 Mr Chris Myers provided an overview of the content of the report and highlighted; the conclusion we have reasonable assurance on adequacy and risk management arrangements and systems of internal control. He suggested there were 5 areas that required improvement.
- 8.3 Mrs Stacey reported that each of the 7 core principles had been updated as part of the internal audit work and the intention was to make sure the overarching local code of corporate governance was updated for the IJB. She assured the Committee that the annual governance statement continued to be updated annually.
- 8.4 Mrs Hazel Robertson suggested an improvement action be incorporated in relation to the set aside budget as she considered the IJB had not been fully compliant with regulations in how it had reported on set aside.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** considered the details of the Annual Governance Statement 2022/23 for the Scottish Borders Health and Social Care Integration Joint Board (Appendix 1) to ensure it reflected the risk environment and governance in place to achieve objectives, and acknowledged the actions identified by Management to improve internal controls and governance arrangements.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** approved that it be published in the unaudited Annual Report and Accounts 2022/23 of the Scottish Borders Health and Social Care Integration Joint Board in preparation for the statutory audit process.

9. IJB DRAFT ANNUAL ACCOUNTS 2022/23

- 9.1 Mrs Hazel Robertson advised that the annual accounts for NHS Borders, Scottish Borders Council and the IJB had all been prepared at the same time to ensure they all showed a consistent position. The process had been challenging especially as she had

inherited a set of spreadsheets which contained anomalies. She commented that there were some aspects of the process that would need to change.

- 9.2 Mrs Robertson advised that the annual accounts apart from some numbers were virtually complete and she needed to complete the performance report. She commented that there had been changes to the annual accounts in terms of the layout and the outturn for the year showed a slight improvement from the previous year. The previous years overspend on delegated services had been £4.7m and had reduced to £3.5m which had been achieved through the good use of ear marked reserves. She further highlighted: the significant pressures in primary and community services and mental health services; the set aside budget; directions; trend in financial gap; where overspends were experienced; savings targets not agreed; the totality of earmarked reserves within the partnership; the governance statement; and the remuneration statement.
- 9.3 The Chair enquired in regard to the national Scottish figure for agency spend, how that compared locally. Mrs Robertson advised that she did not have the detail to hand however she was aware that premium rates were paid for staffing and in NHS Borders a new Financial Improvement Programme (FIP) had been established which had oversight of that spend. She suggested she put a similar arrangement in place for SBC in terms of premium rates.
- 9.4 Mr Chris Myers suggested it would be useful to look at all agency spend amongst all providers across health and social care.
- 9.5 Mrs Jill Stacey enquired in terms of COVID funding clawback and if the amount was comparable with other IJBs. Mrs Robertson advised that the partnership was treated the same as all partnerships and would therefore be comparable.
- 9.6 Mr Kai Harrod enquired about any concerns Mrs Robertson had in regard to reconciliation of numbers. Mrs Robertson commented that the main issue had been the analysis notes which did not agree 100% with the income and expenditure outcomes. She advised that the magnitude of variance was about 0.5% so was not significantly large.
- 9.7 Mr Harrod suggested adding in a narrative for the largest overspends as an explanation for the public. Mrs Robertson agreed to add in the granularity.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** considered the draft unaudited IJB Annual Accounts, identified any required changes and approved them for placing in the public domain subject to inclusion of performance report and confirmation on remuneration report.

10. MINISTERIAL STEERING GROUP SELF-EVALUATION

- 10.1 Mr Chris Myers provided an overview of the content of the report that focused on the main areas for follow up following the improvement service session held earlier in the year. The items identified within the action plan which would be progressed were “how to align resources”; “roles and IJB members”; and “IJB mechanisms of engagement with the wider public”.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** endorsed the self-assessment process.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** approved the associated action plan for delivering on the proposed improvement actions for onward consideration by the Integration Joint Board, prior to submission to the Scottish Government.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** instructed the Chief Officer, Chief Financial Officer, Director of Public Health, and Head of Communications and Engagement to provide an update to the IJB Audit Committee on progress against the delivery of the actions outlined in March 2024.

11. MONITORING OF DIRECTIONS

- 11.1 Mr Chris Myers provided a presentation on the directions process for the Committee to consider how it was working and any improvements that could be made.
- 11.2 Mrs Karen Hamilton commented that from a low base point the directions policy was a huge improvement and step forward and she suggested the IJB was gaining confidence in the directions process as well the organisations receiving the directions.
- 11.3 The Chair echoed Mrs Hamilton's comments.
- 11.4 Mr Kai Harrod provided some initial observations such as: are directions issued at the right time; the difference between directions and actions and how they are broken down; timeliness of directions and responses received; sequence of governance as all partners need to operate in a synchronised way to achieve best effect of directions.
- 11.5 Mr Myers commented that all directions were discussed at the Joint Executive which involved both Scottish Borders Council and NHS Borders Chief Executives so that they were well informed before directions were issued by the IJB. He further advised that the directions issued to Scottish Borders Council were received by the Chief Executive and then submitted to full council for noting and a similar process was being put in place by NHS Borders.
- 11.6 Mrs Lucy O'Leary enquired if a dummy case study could be worked up to show what happened in terms of the outside world when a direction was issued. She also asked if the process could be followed up on if a third party was directed by either Scottish Borders Council or NHS Borders in order to fulfil the direction that was issued. Mrs Jill Stacey suggested an information development session be set up to discuss those points and to enable the Audit Committee to understand how it fulfilled its role on directions.
- 11.7 The Chair commented that the Council was now in its second year and it was very difficult to deliver efficiencies during a Councils second term of office.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** noted the update.

12. EXTERNAL AUDIT POINTS UPDATE

- 12.1 Mrs Hazel Robertson drew the attention of the Committee to the annual accounts preparation and advised that it had been challenging, however the financial staff across the partnership had been very helpful and supportive and worked with her. The process had been very challenging for all of the partner bodies. She further advised that financial sustainability in the context of the recovery plan remained challenging with a need to look at the amount of activity that was on going and its impact on potential savings. Other areas of activity she highlighted to the Committee included: Hospital Acute Services (set aside); achievement of best value through programme budgeting; and revisiting the financial ledger.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** considered the update and sought clarification of any aspects.

13. DIRECTIONS TRACKER

- 13.1 Mrs Hazel Robertson commented that she had now included a rag status on the directions tracker and would progress with further work on qualitative data. In providing the information to the Committee she suggested it should provide some assurance as well as an opportunity to pause and consider the issuing of future directions. She drew the Committee's attention to the 2 directions marked red which were on the financial position and PCIP funding.
- 13.2 Mrs Jill Stacey welcomed the report as it would assist the Committee to focus on the most significant elements on a by exception basis.
- 13.3 Mr Kai Harrod enquired if there was any legal basis should directions not be achieved and he welcomed the report as an enabler for the Committee to focus on the matters that needed to be discussed.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** approved the addition of a RAG feature to the Tracker, particularly focussing on whether the recommended action section made sense and was helpful to guide members in their review of the status of Directions.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** noted the contents of the Directions Tracker, particularly noting the ongoing challenging status of two Directions, and the intention to report on that to the IJB.

- PCIP (implementation of GP contract)
- Financial Recovery Plan (ideas being generated but the scale of the challenge is very significant).

14. AUDIT SCOTLAND REPORTS

- 14.1 Mrs Hazel Robertson provided a brief overview of the contents of the Audit Scotland report for the Committee's awareness.

- 14.2 Mrs Robertson advised that an additional report had been received which was an “Overview of the IJBs” and she would distribute it after the meeting and add it to the next meeting agenda.

The **SCOTTISH BORDERS HEALTH AND SOCIAL CARE INTEGRATION JOINT BOARD (IJB) AUDIT COMMITTEE** noted the Local Government 2023 Accounts Commission Report.

15. ANY OTHER BUSINESS

- 15.1 The Chair advised that no further business had been identified.
- 15.2 The Chair suggested that before the next meeting it should be agreed whether meetings would be held fully on MS Teams or in person given the difficulties with the technology in holding a hybrid meeting that day.

16. DATE AND TIME OF NEXT MEETING

- 16.1 The Chair confirmed that the next meeting of the IJB Audit Committee would be held on Monday 18 September 2023 at 2.00pm via Microsoft Teams.