

South Ayrshire Health and Social Care Partnership

Performance & Audit Committee

Minute of Committee Meeting held on Friday 17 June 2016 in the Girvan Committee Room, County Buildings, Wellington Square, Ayr

Present:

Councillor Brian McGinley

Councillor Robin Reid

Claire Gilmore

Hugh Millar, Representative Member – Public Partnership Forum

In Attendance:

Tim Eltringham, Chief Officer (Director of Health and Social Care)

Maureen Leonard, Chief Internal Auditor

Kenny Leinster, Head of Community Health and Care Services

Sharon Lindsay, Chief Finance Officer

Bill Gray, Senior Manager - Planning & Performance

Kirsten Kerr, Research Officer

David Meechan, Audit Scotland

Jacqueline Lucy, Secretary

Councillor Brian McGinley in the Chair

1. Apologies for Absence

Apologies for absence were submitted on behalf of Lesley Bowie and Irene McCurdie.

2. Declarations of Interest

There were no Declarations of Interest by Members of the Committee in terms of Standing Order No. 7, the Standards in Public Life – Code of Conduct for Members of Devolved Public Bodies.

3. Minutes of Previous Meeting

The minutes of the previous meeting were agreed as an accurate record.

4. Matters Arising

A paper was submitted (previously circulated) ([link attached](#)) updating Members of the Committee on matters arising from previous meetings of the Performance and Audit Committee.

Performance & Audit Work Programme – Part of this will be considered under agenda item 9.

Partnership Annual Report – The Annual Report will be available in autumn 2016 and will be brought to the next scheduled meeting of the Committee in November. Discussions have been held regarding the use of an adapted “How Good Is Our...” model by the Partnership. The model used is for self-evaluation and management purposes although does consider a range of issues. A proposal will be brought to the November meeting.

An initial paper on locality based finance information will also be brought to the November meeting.

Governance Audit – This will be considered at agenda item 6. The Chief Internal Auditor advised that the Auditors from the three Ayrshire Partnerships will meet next week to discuss a recent response from PwC on their earlier hold harmless letter.

Audit Scotland Report on Health and Social Care Integration: Local Progress - This will be considered at agenda item 11.

Joint Inspection of Services for Children and Young People – Initial feedback from Inspectors was provided to officers on 6 June. A draft report will be provided to the senior officers leading on the Inspection before a final report is published in September 2016. This will be brought to the Performance and Audit Committee and a number of other bodies for consideration, principal among these – the Community Planning Partnership which has the formal oversight role. It was agreed that a paper relating to roles, remits and responsibilities for oversight be submitted to the Committee for consideration at a future meeting.

5. Annual Accounts

A report was submitted (previously circulated) ([link attached](#)) on the Annual Accounts for 2015/16 for the Integration Joint Board Integrated Budget.

The Chief Finance Officer took members of the Committee through the contents of the report and the annual accounts. These show annual expenditure and income of £201,039,000 in 2015-16.

Mr Meechan confirmed that the accounts provided follow the agreed financial framework for local authorities. Both parent bodies have provided assurance on the figures contained within the draft Annual Accounts, where required.

After discussion, the Committee thanked all involved in the preparation of the accounts and approved the governance statement and the accounting policies applied in the production of the unaudited annual accounts. It was agreed that the audited accounts be brought to a future meeting for consideration and that the draft accounts be recommended to the Integration Joint Board for approval for audit purposes.

6. IJB Governance Audit

A report was submitted (previously circulated) ([link attached](#)) on the findings of the IJB Governance Audit undertaken as part of the 2015/16 Audit Plan.

The Chief Internal Auditor explained that this audit was undertaken by meeting officers of the Partnership and reviewing relevant documents. Eight recommendations have been made. It was noted that the last of these is due to be implemented by 31st December, 2016. Implementation of audit recommendations will be reviewed after that point. The report also recommends that Members of the Performance and Audit Committee receive appropriate training to equip them to undertake their scrutiny role.

The Committee thanked those involved in the undertaking of the audit and agreed to note the contents of the report. It was also agreed to participate in relevant training opportunities for Members and an initial proposal will be prepared in this regard for consideration at a future meeting.

7. IJB Annual Assurance Statement

A report was submitted (previously circulated) ([link attached](#)) on the adequacy and effectiveness of the internal control system of the Integration Joint Board for the year ended 31 March 2016.

The Chief Internal Auditor in her opinion as set out in the Annual Assurance Statement states: "Reasonable assurance can be provided that adequate controls surrounding the governance and internal controls within South Ayrshire IJB were in place and were operating effectively in 2015/16." A copy of the full Annual Assurance Statement is appended at Appendix 1 to this minute.

The statement notes that "significant matters (including non-compliance with audit recommendations) arising from internal audit work are currently reported to South Ayrshire Council's Chief Executive and to the Council's Audit Committee". It was clarified that, operationally, this Committee won't be involved in discussions around significant matters, but will be advised for information.

The Committee thanked the Chief Internal Auditor for the completion of the Annual Assurance Statement and agreed to note the contents of the report and accompanying statement. It was also agreed that a report detailing the relationship between the Performance and Audit Committee and South Ayrshire Council's Audit and Governance Panel be brought to a future meeting.

8. Proposed Audit Plan 2016/17

A report was submitted (previously circulated) ([link attached](#)) on the proposed Integration Joint Board Internal Audit Plan 2016/17.

This plan was previously considered by South Ayrshire Council's Audit and Governance Panel where it was agreed that South Ayrshire Council would dedicate 25 days of the available resource from its Internal Audit Service to carry out the audit plan. This will be undertaken over a period of time until January 2017.

The Committee agreed to approve the Audit Plan for 2016/17 and noted that the major focus in 2016-17 will be on an audit of performance monitoring and reporting. It was also noted that there is the opportunity to amend the plan as it progresses.

9. Care Inspectorate Grading Report

A report was submitted (previously circulated) ([link attached](#)) on the most recent Care Inspectorate Grading's of all Local Authority provided care services in South Ayrshire.

Ms Kerr took members of the Committee through the contents of the report and noted that there is currently a 90% grading rate of good or above, with two services rated as excellent. It was clarified that, in relation to staff changes at South Lodge Care Home, a meeting is being held with Trade Unions next week to fully discuss, and that the Depute Manager post is currently being advertised.

The Committee agreed to note the contents of the report and thanked those involved in its compilation. It was further agreed that the report should be provided to the members of the Integration Joint Board for their information and noting.

10. South Ayrshire Health and Social Care Partnership Performance Report

A report was submitted (previously circulated) ([link attached](#)) providing a statement of performance by the Partnership as at 31 March 2016, against the approved performance framework.

Ms Kerr advised that this the second report to be presented is now being presented with Children and Families information included. It was stated that where Faye Murfet, ADP Co-ordinator, is noted as being the responsible officer, this should be amended to Kenny Leinster as Chair of the Alcohol and Drug Partnership.

Clarification was sought on encouraging the uptake of Self Directed Support. It was confirmed that South Ayrshire is currently the 9th highest Local Authority in Scotland for Self Directed Support and staff do ensure individuals are fully informed of their options.

Committee members requested, where indicators are highlighted with a status of red or amber, that information is included in the covering report highlighting the reasons behind this and the action that is being taken, where possible, to address areas where performance appears less favourable.

The Committee agreed to note the contents of the report and the performance data contained in the accompanying appendices. In addition, it was agreed that future reports would contain more information on less favourably performing service areas.

11. Audit Scotland Report on Health and Social Care Integration: Local Progress

A report was submitted (previously circulated) ([link attached](#)) detailing ongoing local progress against the items highlighted by Audit Scotland in its report.

An earlier report on progress against the issues highlighted by Audit Scotland had been considered at the Performance and Audit Committee meeting on 07 March 2016. An action log has now been compiled for the Committee's consideration demonstrating the progress that has been made against these items in the intervening period and a rag status has also been included as a summary visual representation of progress. There are no significant concerns to note, although it was acknowledged that the draft Participation and Engagement Strategy will progress to consultation slightly later than had originally been intended with the results of this being reported back to the IJB in the autumn for consideration.

The Committee agreed to note the contents of the report and the action log as detailed in the accompanying appendix. Further updates will be provided at scheduled meetings of the Committee with the next one due in November, 2016.

12. Audit Scotland Report on Changing Models of Health and Social Care

A report was submitted (previously circulated) ([link attached](#)) on the latest report by Audit Scotland which has been produced to identify new local models of care and to help increase the pace of change across Scotland.

The Chief Officer indicated that there are many suggestions in the report that are to be welcomed, including learning from new models of care and having a greater shared

understanding of need. Discussions followed about the pace of change and caution was expressed about expecting too much in too short a timeframe in this regard particularly given the scale and complexity of the change required in what is a very difficult and financially challenging operating environment. That said the South Ayrshire Partnership is undertaking a significant change programme and undertaking several tests of change. Mr Meechan offered to contact colleagues in Audit Scotland who had prepared the report and invite them to South Ayrshire for discussions on the report and its findings. This suggestion was welcomed.

The Committee agreed to note the contents of the report and agreed that discussion with Audit Scotland representatives would be welcome.

13. Any Other Business

Mr Gray proposed that an additional meeting of the Committee take place in the morning of 26 August 2016. This was agreed and details will be confirmed to the Committee.

As there were no other matters to be discussed, the Chair thanked all in attendance and closed the meeting.

The meeting closed at 12.50pm.

14. Date of Next Meeting

10am on 26 August 2016 within Maybole Committee Room, County Buildings

To the Members of South Ayrshire Integrated Joint Board

As Chief Internal Auditor of South Ayrshire Integrated Joint Board, I am pleased to present my annual statement on the adequacy and effectiveness of the internal control system of the South Ayrshire Integrated Joint Board for the year ended 31 March 2016.

Respective responsibilities of the Board and internal auditors in relation to internal control

It is the responsibility of the Board to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. It is the responsibility of the Chief Internal Auditor to provide an annual overall assessment of the robustness of the internal control system.

Sound internal controls

The Board uses the systems of South Ayrshire Council and NHS Ayrshire and Arran Health Board to manage its financial records.

The main objectives of the Board's internal control systems are:

- To ensure adherence to policies and directives in order to achieve the organisation's objectives;
- To safeguard assets;
- To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory requirements.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Partners of the Integration Board are continually seeking to improve the effectiveness of its systems of internal control.

The work of internal audit

"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".

(United Kingdom Public Sector Internal Audit Standards 2013)

The Performance and Audit Committee performs a scrutiny role in relation to the application of CIPFA's Public Sector Internal Audit Standards 2013 (PSIAS) and regularly monitors the performance of the IJB's Internal Audit service. The IJB's Chief Internal Auditor has responsibility to review independently and report to the Audit Committee annually, to provide assurance on the adequacy and effectiveness of conformance with the PSIAS.

The operational delivery of services within the NHS Ayrshire and Arran Health Board and South Ayrshire Council on behalf of the Integration Joint Board will be covered by their respective internal audit arrangements as at present.

The Performance Appraisal and Audit section of South Ayrshire Council operates in accordance with United Kingdom Public Sector Internal Audit Standards which came into force

with effect from 1 April 2013. The section undertakes an annual programme of work approved by South Ayrshire Council's Audit and Governance Committee Panel acting in its role as the Council's Audit Committee.

All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility within the Partnerships to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations. Performance Appraisal and Audit is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Significant matters (including non-compliance with audit recommendations) arising from internal audit work are currently reported to South Ayrshire Council's Chief Executive and to the Council's Audit Committee.

The Internal Audit service of NHS Ayrshire and Arran is provided by PriceWaterhouseCoopers (PWC). PwC's Internal Audit methodology is aligned to Public Sector Internal Audit Standards (PSIAS). The NHS Ayrshire & Arran Audit Plan for 2015/16 was agreed with management and approved by the NHS Ayrshire & Arran Audit Committee. All internal audit reviews have been completed in accordance with the approved Internal Audit Plan, subject to any amendments formally approved by the Audit Committee. All reports are presented at the Audit Committee in addition to any other relevant governance committees within NHS Ayrshire & Arran, as appropriate. Any control weaknesses identified are agreed with management, along with a responsible officer and target date for agreed action to be taken. Follow up work is undertaken each year on previously agreed actions where the risk rating is medium or above. Management's progress implementing these actions is formally reported to the Audit Committee.

Management have continued to react positively to audit reports and have, in the main, implemented audit recommendations in order to enhance internal controls and to minimise the risks associated with audit findings.

Basis of Opinion

My evaluation of the control environment is informed by a number of sources:

- The audit work undertaken by Performance Appraisal and Audit staff from South Ayrshire Council during the year to 31 March 2016 and in previous years;
- The NHS Ayrshire and Arran Health Board assurance taken from audit work undertaken to date by the appointed Internal Auditors (PWC).
- Audit review of the Governance arrangements of South Ayrshire IJB.
- Work undertaken by the Partners external auditors, Audit Scotland;
- Chief Internal Auditor's knowledge of the Board's activities for the year 2015/16.

Opinion

Based on the above a reasonable assurance can be provided that adequate controls surrounding the governance and internal controls within South Ayrshire IJB were in place and were operating effectively in 2015/16.

Maureen Leonard
Chief Internal Auditor
South Ayrshire Integration Board

May 2016.

Checklist for high-level review of adequacy and effectiveness of the IJB’s system of internal control for year ended 31 March 2016

This document is intended to supplement the results of the annual programme of internal audit activity and the Internal Audit annual report. It also provides a documentary basis for the overall assessment of the adequacy and effectiveness of internal controls within the authority in the year.

Recognition was given to procedures and processes currently being updated.

1.	The Control Environment	
1.1	Standing orders are in place and are subject to regular review?	Yes/ Ne
1.2	Standing Financial Instructions are in place and are subject to regular review?	Yes/ Ne
1.3	A scheme of delegation is in place and is subject to regular review?	Yes/ Ne
1.4	Responsibilities of the Board, Chief Officer, Chief Financial Officer and other Chief Officers are defined?	Yes/ Ne
1.5	Standards of Business Conduct for elected members and senior staff are in place?	Yes/ Ne
1.6	A Fraud and Corruption Policy and Response Plan are in place?	Yes/ Ne
1.7	Effective ‘whistleblowing’ procedures are in place? <i>Currently within each of the partners.</i>	Yes/ Ne
1.8	An Audit Committee (or similar) is in place?	Yes/ Ne
1.9	There is an Internal Audit function in accordance with the United Kingdom Public Sector Internal Audit Standards	Yes/ Ne
1.10	The IJB has prepared, adopted and maintains an up-to-date local code of corporate governance, including arrangements for ensuring its implementation and ongoing application?	Yes/ Ne
2	Identification and Evaluation of Risks and Control Objectives	
2.1	There are annually produced corporate and service plans which include financial and other performance targets? <i>Currently in development for the integration of both partners.</i>	Yes/ Ne
2.2	A risk management strategy is in place which includes an assessment of financial and non-financial risks and the setting of control objectives? <i>A shared risk management strategy is currently under development!</i>	Yes/ Ne
3	Information and Reporting	
3.1	Key systems are in place to produce reliable information and proper accounting records? <i>Currently use systems from each partner.</i>	Yes/ Ne
3.2	There is an Information Systems Security policy in place?	Yes/ Ne
3.3	There is an Information Management and Technology Strategy in place which covers the Finance Department and all significant financial systems?	Yes/ Ne
3.4	There is a comprehensive budgetary control system in place? <i>Currently within each of the partners with information being pulled together by the Chief Finance Officer!</i>	Yes/ Ne
4	Control Processes	

4.1	Procedure notes or other written guidance are in place for all significant and fundamental financial systems?	Yes/ No
4.2	There are mechanisms in place to control the acquisition, use, disposal and safeguarding of assets?	Yes/ No
4.3	There are clearly defined capital control guidelines and formal capital project management disciplines in place?	Yes/ No
4.4	There are controls in place to ensure compliance with laws and regulations that have significant implications?	Yes/ No
4.5	There are arrangements in place to ensure that resources are used effectively, efficiently and economically?	Yes/ No
5	Monitoring and Corrective Action	
5.1	Management receive and review sufficient and reliable management information on a regular basis and take appropriate action where required?	Yes/ No
5.2	The IJB regularly receives and reviews financial and performance reports? <i>Currently being developed for the integrated services!</i>	Yes/ No
5.3	The Audit Committee (or similar) reviews and monitors internal financial control and the implementation of agreed control improvements?	Yes/ No
5.4	Policies, procedures and control frameworks are regularly assessed to ensure that they remain in line with current guidance and best practice?	Yes/ No
6	<u>Assessing whether key controls have been applied during the year</u>	
6.1	From the work done by internal audit, external audit and other review agencies is there evidence of significant control failings or weaknesses that have been identified at any time during the period?	Yes/ No
6.2	Where significant control failings or weaknesses are identified has management responded promptly to take appropriate remedial action?	Yes/ No
6.3	Since the last assessment, have any changes in the nature and extent of significant risks and the IJB ability to respond to changes in its business and external environment been adequately reflected in the control environment?	N/A first year of audit review