



# CÙRAM IS SLÀINTE NAN EILEAN SIAR

## INTEGRATION JOINT BOARD

### AUDIT COMMITTEE

**MINUTE OF MEETING**  
**21 MARCH 2023**  
**HELD AT 1:30PM**  
**VIA MICROSOFT TEAMS**

#### **Voting Members Present:**

Gillian McCannon  
Donald MacSween

Non-Executive Director, NHS WI / IJB Vice-Chair  
Councillor, CnES

#### **Non-Voting Members Present:**

Nick Fayers

Chief Officer, IJB

#### **In Attendance:**

Martin Devenny

Auditor, Audit Scotland

Asif Haseeb

Senior Auditor, Audit Scotland

Carolyn MacPhee

Third Sector Interface Representative

Stephanie Hume

Senior Manager, Risk Assurance, Azets

#### **1. WELCOME**

Gillian McCannon took the Chair and led the meeting, welcoming all those attending. The Chair noted that the date of this meeting was moved to accommodate annual leave and expressed her thanks to Members. It was noted that due to annual leave there are a few papers which are unavailable, however a verbal report will be made.

#### **2. APOLOGIES**

Debbie Bozkurt

Chief Finance Officer, IJB

Michelle McPhail

Corporate Business Manager, NHS WI

Susan Thomson

Councillor, CnES

Jocelyn McConnachie

Non-Executive Director, NHS WI

Gillian Woolman

Audit Scotland



### 3. **DECLARATIONS OF INTEREST**

No declaration(s) of interest(s) were raised in relation to any of the agenda items to be discussed.

### 4. **MINUTES**

**4.1.1 It was noted that the minute of the 08.02.23 would be presented at the next meeting.**

**Action: Minute of 08.02.23 presented in June 2023**

#### **4.1.2 IJB Audit Committee Minute 23.02.23**

The minute of the Integration Joint Board Audit Committee held on 23 February 2023 was approved as an accurate record of the discussion.

**Decision: The Committee formally approved the minute of 23 February 2023**

**Action: No actions required.**

### 4.2 **Matters Arising**

4.1 Internal Audit Recommendation Tracker – Last paragraph noted that Gillian Woolman would meet with Nick Fayers to obtain some examples of other risk management strategies.

Nick Fayers advised that he has obtained examples of good practice from Martin Devenny and a meeting with Gillian Woolman will be held in the morning.

### 4.3 **Action Points**

The Chair noted that the Action Points were not presented due to the minute of 08.02.23 not being available, however she asked for updates in general.

Nick Fayers noted the amalgamation of the outstanding audit recommendations by Stephanie Hume, noting that the amalgamated risk would retain the highest of the collated scores.

The Chair acknowledged the update from Nick Fayers.



## 5. AUDIT & FINANCIAL GOVERNANCE

### 5.1 Internal Audit Annual Plan 2023/24

Stephanie Hume presented the report to the Committee noting that the auditing function was provided by the Local Authority historically and that following a request from the Chief Finance Officer, Azets were asked to support that function for the year. Thereafter, if Azets were to secure the contract for the NHS, they could support the function beyond the one year or enable the newly appointed auditors from the Local Authority to resume.

The Plan presented takes cognisance of the previous discussion by the Committee on potential areas of review. The areas of concern noted from previous discussions were around Financial Planning and Corporate Governance.

The Chair remarked that Financial Planning is scheduled for 23/24 along with Corporate Governance, however she enquired to a status on both Workforce Management information and Performance Management.

Stephanie Hume advised that she is waiting on the management responses to the Workforce report and this should be presented at the next meeting. The other review was actually around Strategic Planning and following discussions with the Chief Officer, given that it's still in its planning stage and there are benefit in addressing this. Ms. Hume noted her confidence that undertaking the Strategic Planning audit could still be achieved between now and June presentation.

Nick Fayers reflected on the discussion, advising that a draft Strategic Framework in place, which supports the IJB as it goes forward over the next 3 years. It was suggested that the audit focuses on the Strategic Framework and the correlation with the Scottish Government directions and national positioning with Health & Social Care Partnership issues and priorities.

Asif Haseeb drew the Chair's attention to the requirement that Audit Scotland required to the need to obtain the internal audit opinion for 22/23 as this is a requirement to enable Audit Scotland to sign-off on the governance statement of the Annual Accounts.

The Chair reflected on the plan, noting that Members agreed that Azets should focus on the Strategic Framework as well as the noted audits for 2023/24. A revised paper will come forward in June 2023 for approval.

**Decision: The Committee formally noted the update.**

**Action: No actions.**



## 5.2 Internal Audit – Workforce Management Report

This item will be presented at the next meeting in June.

**Action: Agenda item for June 2023**

## 5.3 External Audit Annual Plan 2022/23

Asif Haseeb presented Members with the report for the 2022/23 Annual Audit Plan, which is the first year of Audit Scotland's 5-8 year appointment.

It was noted that the Committee have stewardship of the commissioning services to the value of approximately £90m. The following points were noted:

- Workplan for 22/23 external audit of the IJB includes
  - an audit of the annual accounts, and provision of an Independent Auditor's Report
  - an audit opinion on other statutory information published within the annual accounts including the Management Commentary, the Governance Statement and the Remuneration Report
  - consideration of arrangements in relation to wider scope areas: financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes
  - consideration of Best Value arrangements
  - review Western Isles Integration Joint Board's arrangements for preparing and publishing statutory performance information.
- Section 11 ~ Communication of fraud or suspected fraud. Mr. Haseeb advised that it is the duty of the Non-Executive Director or Elected Member who sit on the IJB, if aware of any fraud that they make the auditors aware of this.
- Section 14 – Materiality – Planning Materiality is set at £1.8m which is based on 2% of the IJBs gross expenditure on the most recent audited financial statement 21/22.
- Section 14 – Materiality - Performance Materiality which is set at £1.35m, this is a trigger point, if the amount of aggregated errors is at or above this level then further review would be required of the accounts
- Section 14 – Materiality – reporting threshold set at £90k. This is when the auditors are required to report to those charged with governance on all unadjusted misstatements more than the £90k.



- Exhibit 2 Significant risks of material misstatement to the financial statement and notes one significant risk being the risk of material misstatement due to fraud caused by management override of controls. Senior staff have the ability to override controls and this requires further review to ensure that assurance on the position is made.
- Paragraph 24 & 25 – other areas of audit focus. No significant risks but there are areas which require highlighting relating to the Scottish Government clawback of resources and there is a requirement to obtain clarity and how this was disclosed and accounted for.
- Exhibit 3 – wider scope risk – one risk pertaining to financial stability which appears in all public body annual accounting processes
- Section 40 – Audit fee – discussion with the Chief Finance Officer and advised that there has been a lot of discussion within Scottish Government and National Director of Finance group on the increase in the audit fee.
- Section 46 – independence and objectivity – Advised that Gillian Woolman is retiring and Rachel Brown has been appointed and she will contact the Board soon.

Nick Fayers noted the clawback of resources and use of reserves, which was noted in his conversation with the Chief Finance Officer. There remains a level of uncertainty on the financial position and allocations from Scottish Government, which may impact on service transformation.

The Chair expressed her thanks to Mr. Haseeb in highlighting the significant points for the Committee to ensure that they are fully focused on the governance position and role of the Committee.

**Decision:** The Committee formally approved and noted the report.

**Action:** No actions



## 6. STRATEGIC GOVERNANCE

### 6.1 Strategic Plan – 3 years (2023-2025)

The Chief Officer provided a verbal update to the Committee.

Nick Fayers advised that that the title on the agenda should note the 3-year period as 2023-2026.

The Strategic Framework has a clear focus on early intervention; Care at the right time, right place; community engagement and decision making. The Chair & Vice-Chair of the IJB will meet with the Chief Officer to discuss further.

The inclusion in the Framework, of the work of the Locality Planning Groups was raised by Carolyn MacPhee. Nick Fayers assured her that the work of the LPGs is invaluable to enable feedback on service delivery as well as engagement in future discussion.

The Chair thanked colleagues for the discussion

**Decision: The Committee formally noted the report.**

**Action: No actions**

## 7. CORPORATE GOVERNANCE

### 7.1 Integration Scheme Review

Verbal update from the Chief Officer for discussion.

Nick Fayers advised that he and Mr. Tim Langley have reviewed the Integration Scheme in part, with the Scottish Government being broadly content with the work to date. The principle area of review is focusing on the dispute resolution resulting from an equal voting outcome and the update which was made to the Standing Orders at that time.

Timeline for presenting to the Board will be confirmed following a discussion with Mr. Langley.

**Decision: The Committee noted the update.**

**Action: No actions**



## 7.2 Business Continuity – Parent Body Assurance

The report is for discussion.

At a previous meeting Gillian Woolman suggested that in order to obtain a level of assurance from the parent body organisations in relation to their business continuity process, the Chief Officer should meet with the Chief Executives.

The Chief Officer held a meeting on the 27<sup>th</sup> of February with both Chief Executive's, discussing their business continuity processes. It was advised that the Chief Executives are content with their own organisation business continuity processes and measures which are in place. The outcome from the discussion was agreement to provide the Chief Officer with a formal letter of assurance.

The Chair welcomed the review and the agreement to provide formal assurance on processes and asked that the information, once received is presented to the Committee as evidence.

**Decision: The Committee noted the verbal update.**

**Action: Presentation to the Committee of the formal assurance letters from both parent body Chief Executives.**

## 7.3 IJB Audit Committee Terms of Reference

The Chair presented the draft proposed amended terms of reference noting some specific changes to the process when assessing and reviewing risk and increasing the membership from 2 to 3 from NHS and Local Authority voting members. It was noted that Cllr. Calum MacLean and an NHS member have been asked in advance of the agreement.

Members discussed the position of membership and the quorate position and following the discussion the Members were in agreement with the proposed changes.

The Chair advised that the clean draft version of the Terms of Reference will go forward to the June IJB meeting for approval.

**Decision: The Committee approved the revised Terms of Reference.**

**Action: Present the draft ToR to the IJB in June for approval.**



## **8. PERFORMANCE**

### **8.1 Performance Monitoring Report – Feb '23**

The Chief Officer presented the National MSG IJB indicator performance report to Members, which denotes the complexities in achieving the targets. Members scrutinised the report with the Chief Officer noting the overall performance for the period has been very positive with the exception of three areas (A&E attendances, A&E 4 hr performance and Acute last 6 months of life care). Overall performance is better than the national average.

The Chair remarked on the presentation of the data, specifically reviewing retrospective data which provides no ability to improve upon the position. The presentation of the data does not provide detail apart from performance being good (green) or bad (red). To enable the Committee to take a proactive position members noted the benefits in having more timely reporting, detailed narrative explaining why the position is as presented, will provide assurance and enable members to better understand the challenges, the work being done to mitigate any negative impact on service delivery for patients and clients. Members noted that the request for detailed narrative has been made on many previous occasions.

In assessing the data, the Chair remarked on Mental Health unscheduled bed days, noting the IJB is below the national average, however without any narrative to provide an explanation the reasons for the position is challenging to understand.

The Chief Officer advised that the data is accurate as it is directly drawn from the bed admission system in the Hospital APU ward. Mr. Fayers advised that the performance levels is the national picture across Scotland noting the Mental Health bed capacity. Looking at the Islands NHS Western Isles does have an APU facility with 5 beds, compared with other Island Boards such as NHS Shetland who do not have such a facility nor does the islands within the Inner Isles. Activity locally to be in line with the national position will always be challenging but the service provided is in line with local need and perhaps this is the catalyst to establish more local key performance indicators.

The Chair acknowledged the information provided by the Chief Officer, thanking him for the report.

**Decision:** The Committee formally noted the report.

**Action:** Request for detailed narrative to support each performance indicator.

**Nick Fayers**

**Consideration to be given to establishing local performance indicators.**

**Nick Fayers**





## 8.2 Corporate Risk Register

The Chair noted that there was no report to review and that the Chief Officer would provide a verbal update.

Nick Fayers explained that the report would be available for presentation of the quarterly report will be available at the IJB later in the month.

It was noted that the Committee, and the full IJB, agreed to the Chief Officers suggestion that the risk register is transferred onto a formal electronic system utilising the NHS Datix risk system. This work is being progressed.

The Chair acknowledged that it is the role of the Committee to review risks in detail, assessing the risk, its related scoring, the rationale for inclusion on the Strategic Risk Register as well as what mitigating actions will be taken. Therefore presentation of the register is required at each meeting of the Committee.

The Chair thanked Mr. Fayers for the update.

**Decision:** The verbal update was noted.

**Action:** No actions

## 9. FOR INFORMATION

### 9.1 Audit Scotland Report – NHS in Scotland 2022

The report was for noting as background information, which the Chair recommended as it covers many aspects.

The Chair asked if any colleagues wished to raise anything:

Carolyn MacPhee, advised that Third Sector Interface have funding to support residents with their mental health condition within the community. The first year of funding has come to an end and a formal assessment of the service is being conducted ahead of implementing year 2 scheme and will be pulled together in the TSI Strategic Business Plan.

Ms. MacPhee advised that she could provide a paper to the Committee on the outcome of the first year work.

The Chair thanked Ms. MacPhee for the suggestion and would welcome a report in due course. It was suggested that the information is discussed with the Chief Officer to take the work into consideration with the bigger plan of mental health service delivery.



## 10. EVALUATION

	YES	NO	COMMENTS
Were you satisfied with the content of the agenda?	✓		Lighter than normal
Was there sufficient time to review the papers between receipt and the meeting date?	✓		Some papers were late from colleagues.
Were the agenda items placed in the correct order / prioritisation?	✓		
Was there sufficient time allocated to all agenda items?	✓		
Were the Executive Summaries an accurate reflection of the detailed papers?	✓		Only one executive summary. Too many verbal updates which cannot be scrutinised
Was there sufficient refreshment breaks	✓		
Are there any significant issues which should be escalated?		✓	
Did you consider that the Board / Committee discharged its duty in respect of <ul style="list-style-type: none"> <li>• Proper scrutiny</li> <li>• Relevant questioning</li> <li>• Constructive challenging</li> </ul>	✓ ✓ ✓		People asking questions were more one sided but with the increase in membership this will help.
Do you have any suggestions for improvement or additional comments about this meeting?		✓	



**11. DATE AND TIME OF NEXT MEETING**

Location: Microsoft Teams  
Time: 10.00am  
Dates:

Meeting Date	Submission of Papers
08.02.23	27.01.23
15.03.23 <del>exl</del>	02.03.23
21.03.23	10.03.23
14.06.23	01.06.23
13.09.23	31.08.23
15.11.23	02.11.23

The Chair thanked everyone for their contribution to the discussions and the pertinent scrutiny of reports in a very constructive manner. The Chair brought the meeting to a close at 11:30am.

**END**

DRAFT