



**Stephen Brown (Chief Officer)**  
Orkney Health and Social Care Partnership  
01856873535 extension: 2601  
[OHACfeedback@orkney.gov.uk](mailto:OHACfeedback@orkney.gov.uk)

Agenda Item: 3.1

## **IJB Performance and Audit Committee**

Wednesday, 28 June 2023, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.

### **Minute**

#### **Present**

- Davie Campbell, Non-Executive Director, NHS Orkney.
- Jim Love, Carer Representative.
- Meghan McEwen, Non-Executive Director, NHS Orkney.
- Councillor Jean E Stevenson, Orkney Islands Council.
- Councillor Ivan A Taylor, Orkney Islands Council.
- Samantha Thomas, Director of Nursing, Midwifery, AHPs and Acute Services (via Microsoft Teams).

#### **Clerk**

- Sandra Craigie, Committees Officer, Orkney Islands Council.

#### **In Attendance**

##### **Orkney Health and Social Care Partnership:**

- Stephen Brown, Chief Officer.
- Lynda Bradford, Head of Health and Community Care.
- Maureen Swannie, Interim Head of Children, Families and Justice Services.
- Peter Thomas, Chief Finance Officer.
- Shaun Hourston-Wells, Project Manager.

##### **Orkney Islands Council:**

- Andrew Paterson, Chief Internal Auditor.
- Sheila Tulloch, Service Manager (Legal Services).

## **In Attendance via remote link (Microsoft Teams)**

- David Eardley, Director of Audit and Assurance, Azets.
- Anthony McDavitt, Director of Pharmacy – NHS Orkney and NHS Shetland.
- Michael Wilkie, Director, Public Sector Audit, KPMG.

## **Chair**

Davie Campbell, Non-Executive Director, NHS Orkney.

### **1. Apologies**

Apologies for absence had been intimated on behalf of Ryan McLaughlin, Staff-side Representative, NHS Orkney.

### **2. Appointment of Chair**

The Performance and Audit Committee noted:

- That, in accordance with the Terms of Reference, the Chair of the Performance and Audit Committee was a voting member of the Integration Joint Board drawn from the partner agency not currently holding the Chair of the Integration Joint Board.
- That, as the Council currently chaired the Integration Joint Board, the Chair of the Performance and Audit Committee must be one of NHS Orkney's voting members.
- That, on 21 June 2023, the Integration Joint Board confirmed the appointment of Davie Campbell as Chair of the Performance and Audit Committee for the period to May 2025.

### **3. Declarations of Interest**

There were no declarations of interest intimated in respect of items of business to be discussed at this meeting.

### **4. Minute of Previous Meeting**

There had been previously circulated the draft Minute of the Meeting of the Performance and Audit Committee held on 22 March 2023 for consideration, checking for accuracy and approval.

The Minute was **approved** as a true record, on the motion of Davie Campbell, seconded by Councillor Ivan A Taylor.

### **5. Matters Arising**

There had been previously circulated the Matters Arising Log from the meeting held on 22 March 2023, for consideration and to enable the Committee to seek assurance on progress, actions due and to consider corrective action, where required.

Maureen Swannie updated members regarding Adoption Allowances and Kinship Payments. There had been a slight delay in progressing this item due to a vacancy in the service but confirmed that the post had now been filled and it was hoped that this item would be progressed for the September meeting.

## **6. Indicative External Audit Annual Audit Plan**

There had been previously circulated a report presenting KPMG's Indicative External Audit Annual Plan, for noting.

Michael Wilkie, Director, Public Sector Audit, KPMG, introduced himself and confirmed that KPMG had been appointed as External Auditors for the five-year period 2023 to 2028 and that he would be responsible for issuing the audit opinion.

He then provided an overall summary of the Indicative External Audit Plan 2022/23, as follows:

- The Plan was indicative at this stage until the planning and risk assessment work had been completed.
- The Plan set out the planned approach, a key aspect of which was the materiality level, which was set at £2 million, being 2.75% of the total Board expenditure forecast. Work was also planned at a lower level of materiality.
- KPMG would report back to the Committee at the conclusion of the work which would include any misstatements and whether they had been adjusted or not adjusted by management where it exceeded £250,000 or if it was considered that they were material by their nature.
- There were two significant risks relating to fraud which were presumed to exist in any audit, namely:
  - Risk from income recognition and expenditure.
  - Management override of controls.
- Regarding the risk from income recognition and expenditure, KPMG planned to rebut this risk as it was not accepted it existed in this audit as the income and expenditure that was recorded by the Board was for a specific year and therefore limited opportunities to manipulate when it was recognised.
- There was an error on page 5 of the Plan regarding the risk from management override of controls which was accepted as a risk and there was not a planned rebuttal as stated in the Plan.
- Two other risks or focus areas were:
  - Completeness and accuracy of expenditure.
  - Financial Sustainability and Reserves.

Following a comment from Councillor Jean Stevenson regarding the wording on Page 4 of the report where £0.25 million would be considered "clearly trivial" and queried whether this was standard procedure, Michael Wilkie confirmed that the threshold was based on a percentage of the overall materiality and that £0.25 million was set as an absolute de minimis for Audit Scotland work and confirmed that it was common and typical.

Meghan McEwen sought assurance as to whether there was a good communication plan in place should the audit timetable slip. Michael Wilkie confirmed that during the substantive phase of the audit work, KPMG would be in regular communication with management and should the timetable slip significantly, it would be escalated to the Chair of the Performance and Audit Committee.

Following a query from Davie Campbell, Michael Wilkie confirmed that no issues or concerns had been raised by the previous auditors.

The Performance and Audit Committee thereafter noted the indicative external audit plan for 2022/23, prepared by KPMG, attached as Appendix 1 to the report by the Chief Finance Officer.

## **7. Internal Audit – Safeguarding: Adult Support and Protection**

There had previously been circulated a report presenting the Internal Audit on Safeguarding: Adult Support and Protection, for scrutiny.

David Eardley, Director of Audit and Assurance, Azets, introduced the report confirming that the audit had been undertaken on behalf of NHS Orkney and was being presented to the Performance and Audit Committee in accordance with the protocol on internal audit reporting.

He summarised the report as follows:

- That the audit had been undertaken in November 2022 and had previously been presented to the NHS Orkney Audit Committee.
- That overall, the audit had found that NHS Orkney's protection arrangements were generally appropriate with procedures in place but there were a few areas where some improvements could be made.
- The recommendations arising were:
  - That multi agency training be embedded and established across the partnership.
  - That NHS Orkney issue the updated procedure document to all staff.
  - That NHS Orkney request that the Adult Support and Protection Procedures be updated to reflect the provision of relevant feedback.
  - That NHS Orkney reinforce the need to report issues as a matter of urgency to enable appropriate processing and issues of potential harm to be addressed swiftly.
  - That NHS Orkney review the format and frequency of adult support and protection statistics/reporting.

Prior to moving to questions, the Chair invited Samantha Thomas, Director of Nursing, Midwifery, AHPs and Acute Services, who was named against the actions, to comment.

She confirmed that she recognised the findings of the audit and had agreed with the recommendations. Due to long term sick leave, it had not been possible to complete all actions, but the remaining actions were being worked on. It was hoped that the remaining actions would be completed by the agreed timescales.

Meghan McEwen requested that when an Internal Audit came from either delegated body and if there had been progress against the recommendations, that the updated information should be presented to this Committee, as she felt it was hard to take assurance against something that was almost out of date.

Regarding Meghan McEwen's comments about assurance being provided regarding public protection, Samantha Thomas confirmed that she was happy to take the comments onboard to ensure that there was a feedback loop to enable assurance to be given.

Stephen Brown confirmed that key themes would be built into the wider Adult Support and Protection Improvement Plan and that he was expecting feedback regarding the Action Plan from the Care Inspectorate shortly.

The Performance and Audit Committee thereafter scrutinised:

7.1. The Safeguarding: Adult Support and Protection Internal Audit report, attached as Appendix 1 to the report by the Chief Finance Officer, and obtained assurance.

## **8. Internal Audit – Joint Working Arrangements**

There had previously been circulated a report presenting the Internal Audit on Joint Working Arrangements, for scrutiny.

David Eardley, Director of Audit and Assurance, Azets, introduced the report confirming that the audit had been undertaken on behalf of NHS Orkney and was being presented to the Performance and Audit Committee in accordance with the protocol on internal audit reporting.

He summarised the report as follows:

- That the review had assessed the effectiveness of NHS Orkney's control framework in relation to the joint working arrangement with key partners.
- That Orkney Health and Social Care Partnership's Strategic Plan set out the direction of how the partnership operated but, alongside the Strategic Delivery Plan, had not been approved or implemented, resulting in a lack of clarity of action being taken to deliver services being communicated to NHS Orkney.
- A lack of monitoring and reporting of Strategic Performance in relation to the shared objectives of the partnership had been identified, which was a potential consequence of delays in the agreement of the Strategic Delivery Plan.
- That the recommendations were as follows:
  - That NHS Orkney should feedback to the IJB that both the Strategic Plan and Delivery plan developed for the Orkney Health and Care Partnership be approved.
  - That all key documentation referred to across the Orkney Health and Social Care Integration Scheme should be accessible and readily available to members from each of the three parties in the partnership, including NHS Orkney colleagues.

- That more robust and proactive performance monitoring, such as the intention for plans to monitor and report on strategic performance via the Performance and Audit Committee and should be appropriately communicated to key stakeholders to ensure all members of the partnership are aware of plans.

Following a query from Davie Campbell, Samantha Thomas confirmed that work had been undertaken regarding getting governance in place, as well with shared communication and strategies. She confirmed that procedures had changed in the last few months to ensure the capturing of data and joint integrated working.

Meghan McEwen queried whether there was an opportunity for cross committee assurance with the Strategic Planning Group and whether that Group should have sight of the Internal Audit Plan as she thought the link between the Strategic Planning Group, the IJB, NHS Orkney and the Council could be clearer and more aligned.

Stephen Brown agreed and stated that a key finding from the Internal Audit was that, whilst there was a Strategic Plan which was clear about the priorities, work was still needed as to what the deliverables of those priorities were and how they would be measured. He confirmed that there was a session of the Strategic Planning Group planned shortly to agree the deliverables and the KPIs which would then feature in future performance reports to the Performance and Audit Committee. The outcome of the session would be reported to Committee.

Meghan McEwen further commented that she thought that the Strategic Planning Group were a bit obscured from the Performance and Audit Committee, the IJB and the delegated bodies and made a plea that, beyond minutes, the Strategic Planning Group provide assurance that delivery against the Strategic Commissioning Plan was being met.

The Performance and Audit Committee thereafter scrutinised:

**8.1.** The Joint Working Arrangements audit report, attached as Appendix 1 to the report by the Chief Finance Officer, and obtained assurance.

## **9. Internal Audit – Performance Management**

There had previously been circulated a report presenting the Internal Audit on Performance Monitoring, for scrutiny.

David Eardley, Director of Audit and Assurance, Azets, introduced the report which he confirmed was one of the two IJB specific audits included in the annual internal audit plan.

He summarised the report as follows:

- That assurance had been gained that the Orkney Integration Joint Board broadly had systems and controls in place for monitoring and reporting of performance but would benefit from more specific efforts to define and monitor key performance indicators.
- That the recommendations were as follows:
  - The Orkney Integration Joint Board should confirm KPIs that align with the strategic plan as soon as possible.

- The Orkney Integration Joint Board work on a centralised approach to data consolidation and performance reporting.
- That once KPIs were set for Orkney Integration Joint Board, these should be fully integrated into performance monitoring and analysis.
- That Orkney Integration Joint Board should consider the timing of meetings to best enable timely performance review.

Stephen Brown confirmed that an updated system for social care had been procured which was hoped that managers would be able to set parameters in terms of dates and therefore be able to present timely reports. He noted that, as there were still pockets within the organisation that were reliant on paper records or records held on the network's "G drive" rather than "live" information systems which created challenges in terms of live information data and accuracy, there was still work to be done in this area.

Meghan McEwen commented that the IJB did not have managers nor perform in the sense of delivering services. The IJB strategically plans and commissions and it was the delegated bodies that performed. She queried how KPIs could be bolted onto an absent strategic commissioning landscape – how could questions be asked when directions had not been issued to the delegated bodies regarding what services were wanted or what it was measured against? Regarding the forthcoming session on KPIs, she strongly urged that the method by which to issue them would be by directions to the delegated bodies which would provide clarity and accountability as well as scrutiny to occur at the correct level.

Stephen Brown agreed that in theory that was how it should work but queried whether directions would be used as it could become very transactional. He would be keen to work through how to bring explicit detail around the expectations of the delivery of KPIs – but whether that was directions or not he was not sure if that would be the mechanism but agreed that there needed to be very clear asks of both bodies in terms of how to deliver on it.

The Performance and Audit Committee thereafter scrutinised:

**9.1.** The Performance Monitoring audit report, attached as Appendix 1 to the report by the Chief Finance Officers, and obtained assurance.

## **10. Internal Audit Annual Report and Opinion**

There had previously been circulated a report presenting the Internal Audit Annual Report and Opinion for 2022/23, for scrutiny.

Andrew Paterson, Chief Internal Auditor, advised members:

- That the Chief Internal Auditor was required to provide an annual internal audit report including an audit opinion on risk management, governance and control.
- That the Annual Audit Report and Opinion detailed the level of completion of work achieved in respect of the 2022/23 audit plan.
- That, on the basis of the audit work performed, the Chief Internal Auditor's opinion was that the IJB had a framework of controls in place that provided Adequate assurance regarding the organisation's governance framework, related internal controls and the management of key risks.

- That the actions identified during the audit work did not impact on the overall governance arrangements of the IJB.
- That there were no instances of fraud identified from the audit work conducted.
- That section 7 of the report detailed the planned work for the year, with the table on page 4 showing the auditable areas considered as part of the annual planning process.
- That section 8 of the report gave a summary of the audits, together with the recommendations and progress with completing the resulting actions, as follows:
  - Of the 9 recommendations from the Workforce Planning Audit, 7 had been completed with 2 in progress.
  - Of the 5 recommendations from the Performance Management Audit, 2 had been completed with 3 in progress.
- That the status of audit recommendations made in previous years were detailed on pages 8 and 9 of the report.

Following a query from Davie Campbell, Stephen Brown confirmed that, due to capacity issues, the target dates for the Workforce Planning Audit had been missed but confirmed that himself and Maureen Swannie would give the key personnel clear deadlines to work to. He also confirmed that the target dates for the Performance Management Audit were being looked at, some of which were linked into the previously mentioned KPIs, and hoped to have an update on this for the next Performance and Audit Committee.

Following a request from Davie Campbell, Andrew Paterson confirmed that he could add in personnel against the recommendations for next year's report.

The Performance and Audit Committee thereafter noted:

**10.1.** That, in order to comply with the Public Sector Internal Audit Standards, Internal Audit had a duty to provide an annual assurance report on the overall adequacy and effectiveness of the framework of governance, risk management and control.

**10.2.** That the annual report provided the Chief Internal Auditor's opinion on the Integration Joint Board (IJB)'s framework of governance, risk management and control for financial year 2022/23.

The Performance and Audit Committee scrutinised:

**10.3.** The Internal Audit Report and Opinion 2022/23, attached as Appendix 1 to the report by the Chief Internal Auditor, and obtained assurance.

## **11. Draft Annual Accounts**

There had previously been circulated a report by the Chief Finance Officer, presenting the draft Annual Accounts.

Peter Thomas, Chief Finance Officer, presented the report advising members of an update that would be required to be made to the draft Accounts:



- That, on page 49 under Note 5 Debtors, the balance for 2022/23 showed an amount due from Orkney Islands Council of £446,000. That balance related to reserves which were previously utilised to obtain a balanced funding position, so that figure would require to be removed from the table.

Meghan McEwen sought assurance regarding the reserve position and plans to unlock reserves specifically around workforce. Stephen Brown was happy to give that assurance referring to the decisions taken by the Integration Joint Board in May 2023. He confirmed that a report would be brought back to the Integration Joint Board in September 2023 outlining how, in the short term, some of the reserves would be prioritised and utilised.

Meghan McEwen commented that now a more mature way of measuring performance was being developed and clear expectations to delegated bodies were being set, she queried whether this should be articulated in future Accounts. She was keen to understand whether people were delivering within their budgets.

Following a query from Councillor Jean Stevenson, Stephen Brown confirmed that the updates to the 2023/24 Risk Register taken at the recent Integration Joint Board meeting would be made. As this report was looking retrospectively at 2022/23, he did not think it should be updated.

Davie Campbell highlighted that a correction to a date was required on page 3.

Following a comment from Davie Campbell regarding the figures on page 12 regarding adult support, Stephen Brown stated that he was unsure why this figure was so low and confirmed that there had been no indicators from reviews that had been carried out. He confirmed that he would closely observe the statistics as they came forward.

Following a query from Davie Campbell, Peter Thomas confirmed that it had been an oversight that there was no quantification risk at the unpaid carers section. He did agree that some of the risk quantifications looked a bit high from an Integration Joint Board perspective and would look at minor updates to the risk quantification scoring.

Meghan McEwen commented that the Nine National Health and Wellbeing Outcomes on pages 12 to 15 showed a deteriorating position in Orkney over the years and was something to keep an eye on and perhaps should be part of the upcoming KPI discussions.

Following a query regarding the figures from Councillor Ivan Taylor regarding the year-end over/underspend as detailed in the table on page 17, Peter Thomas agreed that those figures should align and confirmed that he would need to review and correct the figures.

Following a query from Davie Campbell regarding the reserves position, COVID-19 funding and timescales, Stephen Brown did not think there was any time restrictions at the moment, but as had been raised earlier, if the funding was not allocated it sat in the reserves and was not being utilised to support people in the community at the moment. He understood that at any point the Scottish Government could potentially look at the reserves across the country to see if there was any clawback.

Peter Thomas confirmed that COVID-19 monies had been clawed back. He emphasised that additional funding was required from both partners at the end of the financial year to get to a balanced position.

The Performance and Audit Committee thereafter noted:

**11.1.** That, as Integration Joint Boards were specified in legislation as “section 106” bodies in terms of the Local Government (Scotland) Act 1973, consequently they were expected to prepare their financial statements in compliance with the Code of Practice on Accounting for Local Authorities in the United Kingdom.

**11.2.** The Management Commentary, comprising pages 3 to 26 of the draft Annual Accounts, attached as Appendix 1 to the report by the Chief Finance Officer, which provided an overview of the most significant matters reported in the Annual Accounts for financial year ended 31 March 2023.

**11.3.** The draft Annual Governance Statement, comprising pages 31 to 35 of the draft Annual Accounts, attached as Appendix 1 to the report.

The Performance and Audit Committee thereafter resolved:

**11.4.** That, due to incorrect financial detail within the Annual Accounts, together with other amendments raised by the Chief Finance Officer and members of the Performance and Audit Committee, the draft Annual Governance Statement and draft Annual Accounts for financial year 2022/23 should not be approved.

**11.5.** That a special meeting of the Integration Joint Board should be arranged as soon as possible to consider and approve the revised draft Annual Governance Statement and draft Annual Accounts for financial year 2022/23.

## **12. Registered Services within Orkney Health and Care**

### **Inspection Assurance Report**

There had been previously circulated the first six-monthly assurance report on inspection activities for registered services within the Orkney Health and Social Care Partnership.

Lynda Bradford, Head of Health and Community Care, advised members:

- That this was the first in a series of assurance reports on inspection activities for registered services within the Orkney Health and Care Partnership.
- That the Care Inspectorate was the national regulator for care services in Scotland and inspected services to ensure services were meeting the right standards.
- That the three inspections, attached as Appendices 1 to 3 to the report, were undertaken between 1 November 2022 and 30 April 2023 and were outlined in section 4 of the report.
- That the three inspections were the first to have been undertaken since the pandemic and stressed that the two inspections that scored as “adequate” or “weak” had not scored as low in previous inspections.
- That workplans to resolve the issues raised were in place by the target dates.

Following queries from Davie Campbell, Lynda Bradford confirmed that going forward, it would be possible to incorporate scorings from previous inspections alongside the current inspection. She also confirmed that from these inspections, particularly between the supported accommodation and care home units, there was the chance for cross cutting learning.

Councillor Jean Stevenson queried what measures were in place to monitor the future outcomes. Lynda Bradford confirmed that the management team would have regular reporting meetings to ensure that sight was not lost of the issues raised.

Following a query from Davie Campbell regarding plans to support management, Lynda Bradford stated that at one unit an agency manager had been employed in the interim, which had worked well, but confirmed that shortlisting had taken place for the permanent manager position, and it was hoped that the post would be filled shortly. For the other unit, the manager had only been in post for a very short time prior to the inspection taking place and confirmed that the management team were assisting them bed into the post.

Following a query from Meghan McEwen, Stephen Brown confirmed that the workplan for the Joint Clinical and Care Governance Committee now included regular reporting on, for example, care homes, day centres and care at home services which would include inspection outputs and improvement plans. In addition, the Terms of Reference and Framework would be finalised shortly for a Social Work and Social Care Governance Board, which would feed directly into the Joint Clinical and Care Governance Committee which would provide additional assurance that attention was being paid to the improvement plans.

In response to a comment from Samantha Thomas regarding benchmarking with other external audits, Lynda Bradford confirmed that this was something that she would take away to look at, but it would need to be borne in mind the number of regulatory services that there were so benchmarking might be difficult. She informed members that across Scotland, Orkney was not unique in receiving disappointing grades from an inspection.

Following a query from Meghan McEwen, Stephen Brown confirmed that the results of the inspections had not been a huge surprise as there were challenges with staffing. However, what had been disappointing was there had been no recognition that during the pandemic some of the routine annual training for staff had to be put on hold and no allowance had been made of that fact by the Care Inspectorate during their inspection.

Following a query from Councillor Ivan Taylor regarding section 4 of the report, Lynda Bradford confirmed where it stated “not applicable” these were areas that had not been inspected during that inspection.

Anthony McDavitt commented that the Social Work and Social Care Governance Board was a new way of approaching risk in health and social care and it was admirable that the islands, particularly Orkney, were trying to get it right and it was useful that the correct clinical professionals were in place to make decisions to inform the risk going forward.

The Performance and Audit Committee thereafter scrutinised:

**12.1.** The inspection activity for registered services within Orkney Health and Care, for the period 1 November 2022 to 30 April 2023, as detailed in section 4 of the report by the Chief Officer, and obtained assurance that action plans had been submitted to the Care Inspectorate and were being progressed where appropriate.

### **13. Date and Time of Next Meeting**

It was agreed that the next meeting be held on Wednesday, 27 September 2023 at 09:30.

### **14. Conclusion of Meeting**

There being no further business, the Chair declared the meeting concluded at 10:40.