

INVERCLYDE INTEGRATION JOINT BOARD AUDIT COMMITTEE – 10 SEPTEMBER 2019

Inverclyde Integration Joint Board Audit Committee

Tuesday 10 September 2019 at 1pm

Present: Councillors L Quinn and E Robertson and Dr D Lyons.

Chair: Councillor Robertson presided.

In attendance: Ms L Long, Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership, Ms A Priestman, Chief Internal Auditor, Ms L Aird, Chief Financial Officer, HSCP, Ms A Mailey (for Head of Strategy & Support Services), Ms V Pollock (for Head of Legal & Property Services) and Ms S Lang (Legal & Property Services).

In attendance also: Mr D Jamieson (Audit Scotland).

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| 12 | Apologies, Substitutions and Declarations of Interest | 12 |
| | An apology for absence was intimated on behalf of Mr A Cowan. | |
| | No declarations of interest were intimated. | |
| 13 | Minute of Meeting of Inverclyde Integration Joint Board (IJB) Audit Committee of 19 March 2019 | 13 |
| | There was submitted the minute of the meeting of the Inverclyde Integration Joint Board (IJB) Audit Committee of 19 March 2019. | |
| | Decided: that the minute be agreed. | |
| 14 | Internal Audit Progress Report – 25 February to 16 August 2019 | 14 |
| | There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership on the progress made by Internal Audit during the period from 25 February to 16 August 2019. | |
| | The Chief Internal Auditor presented the report, being the regular progress report, and advised as follows: | |
| | (1) No reports had been finalised since March 2019; | |
| | (2) The Audit Plan for 2018/19 had been completed in March 2019; | |
| | (3) In relation to the Internal Audit follow-up, 9 action plans had been due for completion by 31 July, of which 7 had been reported as completed by management. Dates in relation to 2 actions had been revised; | |
| | (4) In relation to audit reports from partner bodies, 4 audit reports had been issued to Inverclyde Council which were relevant to the IJB Audit Committee (HSCP Contract Management; Change Board Governance; BACS Payment Process; and Employee Expenses); | |
| | (5) There continued to be a number of investigations carried out in relation to the misuse of blue badges and misuse of expired blue badges; | |
| | (6) In relation to NHS Greater Glasgow & Clyde, there were 3 audit reports which were rated Amber and which were relevant to the IJB Audit Committee (Payroll; Sickness Absence; and Performance Reporting); | |
| | (7) Action Plans were in place to address all of the issues and Internal Audit would | |

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undertake a quarterly follow-up of actions with regular Committee reports.

It was clarified, in response to a question, that the guidance on Directions to be issued by the Scottish Government was still awaited and that a revised policy would be implemented once the final Scottish Government guidance had been issued.

Decided: that the progress made by Internal Audit in the period from 25 February to 16 August 2019 be noted.

15 Internal Audit Annual Report and Assurance Statement 2018/19

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There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership appending the Internal Audit Annual Report and Assurance Statement for 2018/19 which formed part of the IJB's Annual Governance Statement.

The Chief Internal Auditor presented the report.

It was noted that the report's conclusion was that the majority of the IJB's established internal control procedures operated as intended to meet management control requirements and that the overall audit opinion was satisfactory. Actions were followed up on a regular basis by Internal Audit to ensure agreed actions arising from Internal Audit reviews were implemented.

Decided: that approval be given to the Internal Audit Annual Report and Assurance Statement 2018/19.

16 Annual Report to the IJB and the Controller of Audit for the Financial Year Ended 31 March 2019

16

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership appending the Annual Report and Auditors' letter to the Integration Joint Board (IJB) Members for the financial year ended 31 March 2019 which had been prepared by the IJB's External Auditors, Audit Scotland.

Mr David Jamieson of Audit Scotland presented the report which had the following key findings:

- (1) The Audit opinions on the Annual Report and Accounts were all unqualified;
- (2) The Accounts included a significant estimate of set aside, although this was consistent across the NHS Greater Glasgow and Clyde area;
- (3) The financial monitoring reports submitted to the IJB were still not timely although verbal updates now accompanied Board reporting to allow the reporting of any significant changes to financial forecasts;
- (4) The IJB had achieved a surplus of £1.5m and now had cumulative reserves of £7.3m with £1.01m in unearmarked reserves;
- (5) A medium-term financial plan was in place on a 5-year rolling basis and the medium-term plan estimated a funding shortfall of £8.9m over the period 2020/21 to 2023/24;
- (6) A new Strategic Plan had been approved and the IJB had undertaken a self-evaluation review;
- (7) The IJB recognised the difficulties with the set aside arrangements which were preventing reinvestment in community-based services but it was working with others to address this;
- (8) Performance arrangements were effective and performance was improving slightly overall.

The following issues were highlighted during the course of discussion:

Reserves. Reference was made to the fact that Inverclyde IJB had the highest proportion of earmarked reserves within the NHS Greater Glasgow & Clyde area and a

long-standing concern expressed by a number of Members was that while earmarked reserves were for specific purposes, they did not have specific timescales for their use. The creation of a general, unearmarked reserve was therefore welcome.

It was noted that Audit Scotland would continue to monitor the reserves position generally, including the balance within earmarked reserves for budget smoothing to be used over the life of the medium-term financial plan.

Set Aside. It was noted that Inverclyde was the only IJB outwith the Greater Glasgow & Clyde area where specific reference had been made to set aside. The HSCP, through the Chief Officer, would ensure that Inverclyde continued to take an active role in the ongoing NHS Greater Glasgow and Clyde set aside work.

Decided:

(1) that the contents of the Annual Report to the IJB and Controller of Audit for the financial year to 31 March 2019 be endorsed;

(2) that it be recommended to the IJB that the Chair, HSCP Chief Officer and HSCP Chief Financial Officer be authorised to accept and sign the final 2018/19 Accounts on behalf of the IJB;

(3) that the Letter of Representation set out in Appendix 2 of the Annual Report be endorsed and it be recommended to the IJB that this be signed by the HSCP Chief Financial Officer; and

(4) that the Committee's appreciation be extended to all those involved in the audit process.

17 Internal Audit Annual Strategy and Plan 2019-2020

17

There was submitted a report by the Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership appending the Internal Audit Annual Strategy and Plan for 2019-2020.

The Chief Internal Auditor presented the report and advised that Inverclyde Council's Audit Committee had agreed an allocation of 45 days to the IJB Audit Plan with 2 audit areas to be reviewed:

Budgetary Control. This audit would review the adequacy and effectiveness of arrangements in place to manage and report on the budget delegated to the IJB. This was linked to Risks 3a and 3b on the IJB Risk Register;

The Integration Scheme. The Integration Scheme was due to be reviewed and updated and the audit would review the adequacy and effectiveness of the current scheme and make any recommendations as appropriate.

The Chief Internal Auditor confirmed, in response to a question, that the 45 day period allocated was considered to be sufficient. All items on the Risk Register had been reviewed and the aim of the forthcoming audit was to examine operational rather than strategic processes to ensure that actions and mitigations were appropriate.

Decided: that the internal Audit Annual Plan for 2019-2020 be approved.

At the conclusion of business, Audit Committee Members were given the opportunity to meet with the Internal and External Auditors without the presence of management.

It was agreed, for future years, to build this arrangement into one of the timetabled meetings of the Committee.