

# AGENDA ITEM

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## **FALKIRK INTEGRATION JOINT BOARD**

**Draft Minute of Meeting of the Falkirk Integration Joint Board's Audit Committee held on Tuesday 25 September 2018 at 2pm in Room 5, Learning Centre, Forth Valley Royal Hospital.**

**Voting Members:** Fiona Collie (Chairperson)  
Alex Linkston

**Non-voting Members:** Apologies received as per AC64

**In Attendance:** Patricia Cassidy, Chief Officer  
Amanda Templeman, Chief Finance Officer  
Tony Gaskin, Chief Internal Auditor  
Rob Jones, Ernst & Young  
Colin Moodie, Chief Governance Officer  
Sonia Kavanagh, NHS Forth Valley (minute)

### **AC64. Apologies**

Apologies were intimated on behalf of Robert Clark and Sara Lacey.

### **AC65. Declarations of Interest**

There were no declarations of interest.

### **AC66. Minute of the IJB Audit Committee Meeting Held on 25 June 2018**

#### **Decision**

**The minute of the Audit Committee Meeting held on 25 June 2018 was approved.**

### **AC67. Audit Committee Terms of Reference**

The Audit Committee considered a paper 'Audit Committee Terms of Reference' presented by the Chief Finance Officer.

Ms Templeman provided a brief update regarding the proposed amendment to the Terms of Reference and the membership vacancy following Ms Herbert's recent retirement.

#### **Decision**

**The Audit Committee:**

- 1. Agreed to invite expression of interest to fill the vacant position on the Audit Committee.**
- 2. Agreed the revised Terms of Reference and agreed that these would be presented to the IJB for final approval.**

#### **AC68. Falkirk IJB 2017/18 Audited Annual Accounts**

The Audit Committee considered a paper 'Falkirk IJB 2017/18 Audited Annual Accounts' presented by the Chief Finance Officer.

Ms Templeman presented the final audited accounts of the Falkirk Integration Joint Board which were free from qualification. The findings would be considered as part of Item 6 on the agenda, External Auditors Annual Report (AC69).

A number of typos were highlighted and these would be amended prior to the accounts being posted on the NHS Forth Valley and Falkirk Council websites and their availability advertised in the local press.

#### **Decision**

##### **The Audit Committee:**

- 1. Considered and approved the Audited Annual Accounts of the Falkirk IJB to 31 March 2018, prior to consideration by the IJB.**

#### **AC69. External Annual Audit Report 2017/18**

The Audit Committee considered a paper 'External Annual Audit Report 2017/18' presented by the Chief Finance Officer and External Auditor.

Ms Templeman advised that following consideration at the Audit Committee meeting held on 25 June 2018 the unaudited accounts were passed to Ernst and Young by 30 June 2018 as required. They had now completed their audit of the financial statements and issued an Audit Opinion which was free from qualification.

Mr Jones provided a brief outline of the Annual Audit Report findings highlighting that there were no adjusted audit findings arising from the audit, no material issues or unusual transactions found and no material weaknesses found in the controls tested as part of the audit work. A number of improvement actions had been identified and agreed and these were provided within the action plan.

The Audit Committee discussed the need for integration to progress at pace and a number of improvement actions were outlined regarding financial sustainability/management, governance/transparency and value for money. The review of integration currently being undertaken by the Scottish Government was highlighted and Mr Jones noted that from a consistency perspective Audit Scotland also reviewed audit outputs for all sectors, to compare and improve guidance.

Mr Gaskin suggested using the principles and themes of Best Value to review existing governance and management processes and maximise the opportunity of integration. It was agreed this would be worthwhile to explore however it was noted that there was a need to ensure it did not create unnecessary work or duplication.

## **Decision**

### **The Audit Committee:**

- 1. Noted the contents of the report and the completed action plan at appendix one.**

## **AC70. Internal Annual Audit Report 2017/18**

The Audit Committee considered a paper 'Internal Annual Audit Report 2017/18' presented by the Chief Internal Auditor.

Mr Gaskin provided an overview of the audit report, highlighting the work to date and the areas for further consideration and development.

The Audit Committee discussed the need for the IJB to develop and mature and the areas which would require additional deliberation and agreement to achieve this. Ms Templeman highlighted that the Governance Action Plan would be updated to include the recommendations from the Internal Annual Audit report along with further clarity regarding the resulting remedial actions and whether they were on track. This would be presented at the December 2018 meeting.

Mr Gaskin recommended that once a shared understanding and vision for integration was established a process to incorporate them in the Standing Orders, Standing Financial Instructions and relevant documentation of both IJBs and Partners was required to provide suitable assurance.

Work was ongoing to update the Strategic Plan and Mr Gaskin advised that a Delivery Plan should be developed to provide the details and timescales involved to deliver the required outcomes and assist the Audit Committee to scrutinise progress. This would also allow detailed Directions to be issued to the Health Board and Falkirk Council to ensure appropriate delivery.

## **Decision**

### **The Audit Committee:**

- 1. Noted the report in evaluating the internal control environment for 2017/18 and considered the actions to be taken on the issues reported.**

## **AC71. Risk Management Arrangements**

The Audit Committee considered a paper 'Risk Management Arrangements' presented by the Chief Officer.

Ms Cassidy provided an update on the issues previously raised regarding risk management arrangements. While the risk management process was clearly owned by the IJB, support was required from both Partners and this had still to be confirmed by NHS Forth Valley.

Internal Audit had agreed to provide some consultancy support and this would include identifying principles to underpin the risk management system using

recognised risk management methodologies. One key principle was utilising the Strategic Plan as a starting point for identifying potential risks. The principles would also clarify the arrangements for Strategic versus Operational risks and the assurance arrangements between the IJB and Partners.

To assist with the Strategic Risk Register work Ms Cassidy highlighted that a Risk Management workshop would be arranged, with scope for this to become an annual event. Ms Cassidy proposed that the Health and Social Care Partnership (HSCP) enhanced its risk management resource on a temporary basis and an update regarding this, including funding, would be provided to future meetings of the IJB and Audit Committee.

The Audit Committee discussed in detail the need to ensure appropriate risk support was in place and the necessary assurance from Partners regarding the management and mitigation of relevant risks relating to the HSCP.

Ms Cassidy highlighted the Risk Management Strategy which had been approved in 2016 and stated that this would be circulated to the Audit Committee for information and clarity. Ms Templeman advised that the strategy was due to be refreshed in March 2019 and this work would align with the Strategic Plan.

#### **Decision**

##### **The Audit Committee:**

- 1. Noted the report**
- 2. Agreed the proposed way forward set out in section 5**

#### **AC72. IJB Audit Committee Programme of Meetings and Workplan 2019**

The Audit Committee considered a paper 'IJB Audit Committee Programme of Meetings and Workplan 2019' presented by the Chief Finance Officer.

Ms Templeman provided details of the proposed dates for 2019 and the indicative workplan to ensure reports were considered at appropriate stages of the financial year and statutory deadlines were met.

Mr Linkston advised that unfortunately the proposed March and June dates were not suitable and would need to be re-arranged.

#### **Decision**

##### **The Audit Committee:**

- 1. Agreed the proposed timetable of meetings for 2019 noting that alternative dates would be arranged for March and June**
- 2. Agreed the indicative workplan for 2019**

#### **AC73. Any Other Competent Business**

There being no other competent business, the Chair closed the meeting.